

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
AMBASSADOR OIL CORPORATION FOR THE  
APPROVAL OF THE GRAYBURG-JACKSON  
UNIT AND WATERFLOOD PROJECT, EDDY  
COUNTY, NEW MEXICO

NO. 20-34

APPLICATION FOR APPROVAL OF  
GRAYBURG-JACKSON UNIT AND WATERFLOOD PROJECT

Comes now the applicant, Ambassador Oil Corporation, whose address is Box 9338, Fort Worth, Texas, and files herewith three copies of the proposed Unit Agreement for the development and operation of the Unit Area of the Grayburg-Jackson Unit and hereby makes application for approval of said Unit as provided by law and for further approval of a Waterflood Project pursuant to Rule 701 of the Rules and Regulations of the Commission and in support thereof states:

1. That the Unit Area covers the following described land in Eddy County, New Mexico, to-wit:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.

Section 22:  $SE\frac{1}{4}$ ,  $S\frac{1}{2}SW\frac{1}{4}$ ,  $NE\frac{1}{4}SW\frac{1}{4}$   
Section 23:  $SW\frac{1}{4}NW\frac{1}{4}$ ,  $SW\frac{1}{4}$ ,  $S\frac{1}{2}SE\frac{1}{4}$   
Section 25:  $SW\frac{1}{4}$   
Section 26: All  
Section 27:  $NE\frac{1}{4}$ ,  $NE\frac{1}{4}SE\frac{1}{4}$   
Section 36:  $NW\frac{1}{4}NW\frac{1}{4}$   
Containing 1600 acres, more or less

2. That all of the lands embraced in the Unit Area are federal lands except Tract 6, the  $NW\frac{1}{4}NW\frac{1}{4}$  of Section 36, Township 17 South, Range 30 East, containing 40 acres, which is State land.

3. That the applicant, Ambassador Oil Corporation is designated as Unit Operator in the Unit Agreement and, as such, is given the authority under the terms thereof to carry on the operations for the discovery, development and production of the unitized substances.

4. That the proposed Unit will lead to a more efficient and orderly development and operation of the Waterflood Project proposed by the applicant in the Unit Area and is necessary to allow the applicant to completely develop and operate the Waterflood Project.

5. That the Unit Agreement is in substantially the form as Unit Agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico, the New Mexico Oil Conservation Commission and the United States Geological Survey. It is believed that the secondary recovery operations can be more economically and efficiently carried on under the terms of said Agreement to the end that the maximum recovery will be obtained and that the Unit Agreement is in the interest of conservation of oil and gas and the prevention of waste as contemplated by the statutes of the State of New Mexico.

6. That application is being made to the Commissioner of Public Lands for the approval of the Unit Agreement.

7. That in excess of 80% of the working interest owners have heretofore executed the Unit Agreement and the Agreement provides that any party owning rights in the unitized substance who does not commit such rights to the Unit Agreement before the effective date thereof, may thereafter become a party

by subscribing to such Unit Agreement or by ratifying the same as provided by the terms of the said Agreement.

8. That upon an Order being entered by the New Mexico Oil Conservation Commission approving said Unit and after the approval thereof by the Commissioner of Public Lands of the State of New Mexico and the United States Geological Survey, an executed original, or executed counterpart, of the Unit Agreement will be filed with the New Mexico Oil Conservation Commission.

9. Applicant desires to initiate a Waterflood Project to inject fresh water into the existing wells on the following described Tracts within the Unit Area:

|     | <u>LOCATION:</u>                             | <u>TRACT AND WELL NUMBER</u> |
|-----|--|------------------------------|
| (1) | NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 23 | 3-3                          |
| (2) | SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 23 | 7-3                          |
| (3) | NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 26 | 9-1                          |
| (4) | SE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 26 | 12-1                         |
| (5) | NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 26 | 10-2                         |
| (6) | SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 22 | 7-2                          |

a plat showing the location of all other wells within a radius of 2 miles of the proposed injection wells and the formations from which said wells are producing or have produced, together with the names of the lessees within the 2 mile radius is attached hereto and marked Exhibit "A" and a plat showing the location of the proposed injection wells is attached hereto and marked Exhibit "B".

10. That such logs as are available of the proposed injection wells will be furnished prior to the date of the hearing on this application.

11. In all injection wells, the water will be injected down tubing and beneath a packer on the tubing.

12. Applicant proposes to inject fresh water into the Premier Sand at an approximate depth of 3300 feet and proposes to inject approximately 500 barrels per well per day of fresh water furnished by a public utility and which will be commingled with produced water.

WHEREFORE applicant requests that this matter be set down for a hearing before an examiner, that notice be published as provided by law and that after the hearing the Commission issue its Order approving the Unit Agreement and the Waterflood Project.

Respectfully submitted,

AMBASSADOR OIL CORPORATION

By:   
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