

Case No.

2607

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Application, Transcript,

and Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 2607  
Order No. R-1110-D

APPLICATION OF NEWMONT OIL COMPANY  
FOR AN AMENDMENT OF ORDERS NOS.  
R-1110, R-1110-A, R-1110-B, AND  
R-1110-C, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 26, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 2nd day of August, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Order No. R-1110 authorized the institution of a pilot waterflood project in the Square Lake Pool to inject water into the Lower Grayburg and the Upper San Andres formations in Sections 29, 30, and 32 of Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That Order No. R-1110-A authorized the use of different water injection wells from those authorized in Order No. R-1110.

(4) That Order No. R-1110-B expanded said waterflood project to include lands in Sections 28, 31, 32, 33, and 34, all in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, which expansion included lands to be operated by Newmont Oil Company under an agreement with Kennedy Oil Company and Southern Petroleum Exploration Company.

(5) That Order No. R-1110-C expanded said waterflood project to include the S/2 SW/4 of Section 20 and the N/2 NW/4 of Section 29, all in Township 16 South, Range 31 East, NMPM, Eddy

-2-

CASE No. 2607  
Order No. R-1110-D

County, New Mexico, which lands were to be operated by Newmont Oil Company under an agreement with the owner of said 160-acre tract.

(6) That the entire area included in the waterflood project by Orders Nos. R-1110, R-1110-A, R-1110-B, and R-1110-C was exempted from the allowable provisions of Rule 701-E.

(7) That in the subject case, the applicant, Newmont Oil Company, seeks permission to expand the waterflood project to include the N/2 NE/4 of Section 29, Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, which lands are to be operated by Newmont Oil Company under an operating agreement with John N. Fidel.

(8) That the applicant had previously entered into the operating agreement with John N. Fidel concerning the subject lands, and the lands were intended to be included in Newmont Oil Company's application for expansion of the waterflood project filed in Case No. 2566 and subsequently granted by Order No. R-1110-C, but that the applicant inadvertently omitted the subject lands from the said application.

(9) That the conversion to water injection of wells in the area proposed to be included in the waterflood project should be approved, and said area should be exempt from the allowable provisions of Rule 701-E. Provided however, that any future expansions to said waterflood project area should be considered for inclusion in a buffer zone to be created around said project area.

IT IS THEREFORE ORDERED:

(1) That the Square Lake Waterflood Project operated by the applicant, Newmont Oil Company, shall comprise the following-described acreage:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
EDDY COUNTY, NEW MEXICO

Section 19: S/2 SE/4  
Section 20: S/2 SW/4  
Section 28: W/2 SW/4  
Section 29: All  
Section 30: NE/4 and E/2 SE/4  
Section 32: N/2  
Section 33: N/2, SE/4 and E/2 SW/4  
Section 34: S/2, W/2 NW/4 and SW/4 NE/4

(2) That all of the above-described acreage which was not included in the previously authorized Square Lake Waterflood Project is hereby designated a legitimate expansion of said project, and shall be exempt from the allowable provisions of Rule 701-E.

(3) That the provisions of Orders Nos. R-1110, R-1110-A, R-1110-B, and R-1110-C shall remain in full force and effect.

-3-

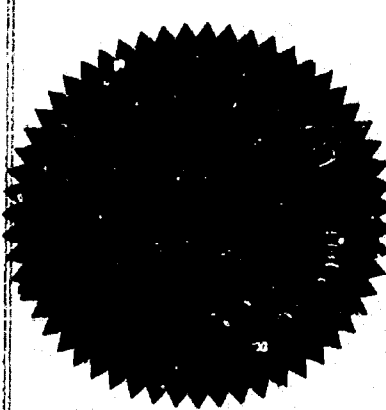
CASE No. 2607  
Order No. R-1110-D

(4) That the waterflood project as expanded by this order shall be operated in accordance with the provisions of Rule 701-E of the Commission Rules and Regulations, except as provided in Paragraph 2 above.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*E. L. Mechem*

EDWIN L. MECHEM, Chairman

*E. S. Walker*

E. S. WALKER, Member

*A. L. Porter, Jr.*

A. L. PORTER, Jr., Member & Secretary

esr/

- CASE 2607: Application of Newmont Oil Company for special rules for its Square Lake Pool Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Orders Nos. R-1110, R-1110-A, R-1110-B and R-1110-C defining the horizontal limits of its Square Lake Pool Waterflood Project in Eddy County, New Mexico, establishing rules for the expansion of said waterflood project, and providing for capacity allowables in said project area.
- CASE 2608: Application of Southwest Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the S/2 of Section 5, Township 30 North, Range 11 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.
- CASE 2609: Application of Southwest Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the E/2 of Section 8, Township 30 North, Range 11 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.
- CASE 2610: Application of Southwest Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the E/2 of Section 9, Township 30 North, Range 11 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.
- CASE 2611: Application of Southwest Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the W/2 of Section 9, Township 30 North, Range 11 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.

iqg/

DOCKET: EXAMINER HEARING - THURSDAY, JULY 26, 1962

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

- CASE 2603: Application of Pan American Petroleum Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the S/2 of Section 30, Township 29 North, Range 10 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.
- CASE 2604: Application of Sunray DX Oil Company for permission to dispose of salt water, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks permission to dispose of salt water into the San Andres formation through its Nancy Watson Well No. 2, located 1980 feet from the South line and 660 feet from the West line of Section 31, Township 8 South, Range 34 East, Roosevelt County, New Mexico.
- CASE 2605: Application of Amerada Petroleum Corporation for approval of a quadruple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its L. G. Warlick "A" Well No. 2 located in Unit J of Section 19, Township 21 South, Range 37 East, Lea County, New Mexico, as a quadruple completion (tubingless) in the Penrose-Skelly, Paddock, Blinbry, and Drinkard Pools, with the production of oil from all zones to be through parallel strings of 2 7/8-inch casing cemented in a common well bore.
- CASE 2606: Application of Texas Crude Oil Company for permission to directionally drill, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to directionally drill its Ohio State Well No. 1-22. Said well has a surface location 1980 feet from the North line and 1980 feet from the West line of Section 22, Township 10 South, Range 36 East, Lea County; the proposed bottom-hole location of said well will be in the South Crossroads-Devonian Pool at a point 1650 feet from the North line and 1980 feet from the West line of said Section 22.

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

P. O. BOX 871  
SANTA FE

August 2, 1962

Mr. John F. Russell  
Campbell & Russell  
Attorneys at Law  
P. O. Drawer 640  
Roswell, New Mexico

Re: CASE NO. 2607  
ORDER NO. R-1110-D  
APPLICANT:  
HEWLETT OIL COMPANY

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

*A. L. Porter, Jr.*  
A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x  
Artesia OCC x  
Aztec OCC       

OTHER Mr. Guy Buell

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
NEWMONT OIL COMPANY FOR AN ORDER  
AMENDING ORDERS NO. R-1110, R-1110-A,  
R-1110-B and R-1110-C TO PROVIDE FOR  
APPROVAL OF A PROJECT AREA FOR ITS SQUARE  
LAKE POOL WATERFLOOD PROJECT IN SECTION  
19, 28, 29, 30, 32, 33 and 34, TOWNSHIP  
16 SOUTH, RANGE 31 EAST, EDDY COUNTY, NEW  
MEXICO, AND PROVIDING PROCEDURES FOR  
EXPANSION WITHIN SAID PROJECT AREA.

No. 2607

APPLICATION

COMES NOW Applicant, Newmont Oil Company by its attorneys,  
Campbell & Russell, and states:

1. It is the operator of a pilot waterflood project in  
the Square Lake Pool, Eddy County, New Mexico, authorized by the  
Commission in its Orders No. R-1110, R-1110-A, R-1110-B and R-1110-C  
dated January 15, 1958, April 3, 1958, June 22, 1961, and June 7,  
1962.

2. The presently developed area of said project has  
established the feasibility of waterflooding the Lower Grayburg  
and Upper San Andres formations in said pool and has further es-  
tablished that such flooding will result in increased ultimate  
recovery of oil and will, therefore, prevent waste.

3. Applicant has an Operating Agreement with John N.  
Fidel as to the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 29, Township 16 South, Range 31  
East, N.M.P.M., Eddy County, New Mexico, whereby the Applicant,



as Operator, will expand the pilot area to include the above described tract, under proper orders of the Commission.

4. Orders R-1110 and R-1110-A were entered prior to the revisions of Rule 701 and this Application involves a legitimate expansion of a then-existing waterflood project.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before an Examiner, publish notices as required by law, and after hearing, to issue its order:

1. Defining the proper limits of the Square Lake Pool waterflood project;
2. Establishing rules for expansion of the flood within the defined area; and
3. Providing for capacity allowables for the area in a like manner as such allowables are now being permitted in the pilot area.

Respectfully submitted,

NEWMONT OIL COMPANY

BY: John F. Russell

CAMPBELL & RUSSELL  
P. O. Drawer 640  
Roswell, New Mexico

Attorneys for Applicant



1002 JUL 11 1962 STATE OF NEW MEXICO

STATE ENGINEER OFFICE

SANTA FE

S. E. REYNOLDS  
STATE ENGINEER

July 10, 1962

ADDRESS CORRESPONDENCE TO.  
STATE CAPITOL  
SANTA FE, N. M.

Mr. A. L. Porter, Jr.  
Secretary-Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Porter:

Reference is made to the application of Newmont Oil Company in connection with amending orders R-1110, R-1110-A, R-1110-B and R-1110-C which was submitted by their attorneys, Campbell and Russell on June 27, 1962. This application requests that the Commission set an examiner hearing to determine whether the Newmont Oil Company be permitted to expand the project area for its Square Lake Pool waterflood project.

The State Engineer finds no reason to object to the expansion of this project.

Very truly yours,

S. E. Reynolds  
State Engineer

FEI/ma  
cc-John F. Russell  
F. H. Hennighausen

By: *Frank E. Irby*  
Frank E. Irby  
Chief  
Water Rights Division

*Case 2607*

LAW OFFICES OF  
CAMPBELL & RUSSELL  
SUITE 1010 SECURITY NATIONAL BANK BUILDING  
P. O. DRAWER 640  
ROSWELL, NEW MEXICO

JACK M. CAMPBELL  
JOHN F. RUSSELL

TELEPHONE 622-4841  
AREA CODE 505

JUN 29 AM 8:17

June 27, 1962

Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

Gentlemen:

We transmit herewith an application in triplicate of Newmont Oil Company in connection with amending Orders R-1110, R-1110-A, R-1110-B and R-1110-C. It is requested that this matter be set for hearing before the Examiner.

Very truly yours,

CAMPBELL & RUSSELL

*John F. Russell*  
John F. Russell

JFR:sah

Encl.

cc: State Engineer

*Recket  
Miles  
7/12/62  
J*

(6) That the applicant proposes to include in the expansion of said waterflood project certain lands in said Section 32 owned by Southern Petroleum Exploration Company, Inc., to be operated by the applicant under an agreement with Southern Petroleum Exploration Company, Inc.

(7) That the conversion to water injection of wells in the area proposed to be included in the waterflood project will constitute a legitimate expansion of a waterflood project which was authorized prior to the issuance of Order No. R-1525, and that this entire area, therefore, should be exempt from the allowable provisions of Rule 701 E.

(8) That due to its location apart from the existing flood, it is impracticable to include the E/2 SE/4 of Section 31, Township 16 South, Range 31 East in the project at this time.

IT IS THEREFORE ORDERED:

(1) That the Square Lake Waterflood Project, to be operated by the applicant, Newmont Oil Company, shall comprise the following-described acreage:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
EDDY COUNTY, NEW MEXICO

Section 19: S/2 SE/4  
Section 28: W/2 SW/4  
Section 29: S/2 N/2 and S/2  
Section 30: NE/4 and E/2 SE/4  
Section 32: N/2  
Section 33: N/2, SE/4 and E/2 SW/4  
Section 34: S/2, W/2 NW/4 and  
SW/4 NE/4

(2) That all of the above-described acreage which was not included in the previously authorized Square Lake Waterflood Project is hereby designated a legitimate expansion of said project, and shall be exempt from the allowable provisions of Rule 701 E.

(3) That the provisions of Orders Nos. R-1110 and R-1110-A shall remain in full force and effect.

(4) That the waterflood project as expanded by this order shall be operated in accordance with the provisions of Rule 701 E of the Commission Rules and Regulations, except as provided in Paragraph 2 above.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 2299  
Order No. R-1110-B

APPLICATION OF NEWMONT OIL  
COMPANY FOR AN AMENDMENT  
OF ORDERS NOS. R-1110 AND  
R-1110-A, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 7, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 22nd day of June, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That Order No. R-1110 authorized the institution of a pilot waterflood project in the Square Lake Pool to inject water into the Lower Grayburg and the Upper San Andres formations in Sections 29, 30, and 32 of Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.
- (3) That Order No. R-1110-A authorized the use of different water injection wells from those authorized in Order No. R-1110.
- (4) That the applicant, Newmont Oil Company, seeks an amendment of Orders Nos. R-1110 and R-1110-A to permit the expansion of said waterflood project to include lands in Sections 28, 31, 32, 33, and 34, all in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.
- (5) That the applicant proposes to include in the expansion of said waterflood project certain lands in said Sections 28, 33, and 34 owned by the Kennedy Oil Company, to be operated by the applicant under an agreement with Kennedy Oil Company.

-3-

CASE No. 2299

Order No. R-1110-B

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

-2-  
Case No. 1368  
Order No. R-1110-A

(5) That the proposed substitution will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

1. That Order No. R-1110 be and the same is hereby amended in the following respects only:

The Carper-Wheatley Well No. 1, located in the SW/4 SE/4 of Section 29, and The Texas Trading State Well No. 3, located in the NE/4 NW/4 of Section 32, both being in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, be and the same are hereby deleted from paragraph 2 of said order and the Vickers-Federal Well No. 2, located in the NE/4 NE/4 of Section 30, and the Vickers-Federal Well No. 3, located in the SW/4 NE/4 of Section 30, both being in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, be and the same are hereby substituted therefor.

2. In all other respects, Order No. R-1110 is to remain in full force and effect.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 1368  
Order No. R-1110-A

APPLICATION OF AMBASSADOR OIL  
CORPORATION FOR AN ORDER AMENDING  
PARAGRAPH 2 OF ORDER NO. R-1110.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 19, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd. day of April, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Order No. R-1110 authorized the applicant, Ambassador Oil Corporation, to institute a pilot water flood project in the Square Lake Pool to inject water into the Lower Grayburg and the Upper San Andres formations through six converted oil wells located in Sections 29, 30, and 32 of Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That the applicant has encountered certain mechanical difficulties and therefore proposes to substitute the Vickers-Federal Well No. 2, located in the NE/4 NE/4 of Section 30, and the Vickers-Federal Well No. 3, located in the SW/4 NE/4 of Section 30 as water injection wells in lieu of the Carper-Wheatley Well No. 1, located in the SW/4 SE/4 of Section 29, and the Texas Trading State Well No. 3, located in the NE/4 NW/4 of Section 32, all in Township 16 South, Range 31 East, Eddy County, New Mexico.

(4) That the above-described Carper-Wheatley Well No. 1 and the Texas Trading State Well No. 3 will be returned to producing status.



IT IS THEREFORE ORDERED:

(1) That the application of Ambassador Oil Corporation for permission to institute a pilot water flood project in the Lower Grayburg and the Upper San Andres formations in the Square Lake Pool, Eddy County, New Mexico, for the purpose of secondary recovery be and the same is hereby approved.

(2) That the following wells be and the same are hereby authorized as water injection wells for the above-described project:

Ambassador-Carper Bruning Well No. 1	-	SW/4 NW/4 Section 29
Ambassador-Texas Trading Grier Well No. 1	-	SW/4 SW/4 Section 29
Ambassador-Texas Trading Grier Well No. 4	-	NE/4 SW/4 Section 29
Ambassador-Carper Wheatley Well No. 1	-	SW/4 SE/4 Section 29
Ambassador-Fidel Grier Well No. 2	-	NE/4 SE/4 Section 30
Ambassador-Texas Trading State Well No. 3	-	NE/4 NW/4 Section 32

all in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That monthly progress reports on the water flood project herein authorized shall be submitted to the Commission in accordance with Rule 704 and Rule 1119 of the Commission Rules and Regulations.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 1368  
Order No. R-1110

APPLICATION OF AMBASSADOR OIL  
CORPORATION FOR AN ORDER AUTHORIZING  
A PILOT WATER FLOOD PROJECT IN THE  
SQUARE LAKE POOL, EDDY COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 7, 1957, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 15th day of January, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Ambassador Oil Corporation, proposes to institute a pilot water flood project in the Square Lake Pool to inject water into the Lower Grayburg and the Upper San Andres formations through six converted oil wells located in Sections 29, 30, and 32, of Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That the proposed pilot water injection project will not adversely affect the interests of any other operators in the Square Lake Pool.

(4) That the proposed project will promote conservation and tend to prevent waste through the production of oil which might not otherwise be recovered.

(5) That the progress of the project should be periodically reported to the Commission.

Case 2607

Heard 7-26-62

Res. 7-27-62

1. Grant Newmont's request for an extension to their Square Lake H<sub>2</sub>O flood Project Area consisting of N1/2 NE1/4, 29-165-31E. 80 A.
  2. Allow this only because it was inadvertently left off the application granted by R-1110-C. So find.
  2. Order should be R-1110-D.
  3. Agreement on tract was concluded.
- Aug. 3, 1961.

Thos. A. McR.

STATEMENT OF PAN AMERICAN PETROLEUM CORPORATION IN  
CASE 2607 - 7-26-62

Pan American would respectfully direct the Commission's attention to its statement of position made in Case 2566 which was heard only 2 months ago on May 23, 1962. In that case Newmont Oil Company was also the applicant and then, as is the case here today, Newmont was asking to expand the limits of their Square Lake Pool Waterflood Project with capacity allowables for the expanded area.

In our statement opposing that request we pointed out that in expanding their project to properties operated by others that Newmont was circumventing the purpose and intent of Rule 701. We would again remind the Commission that the lure of capacity allowables is an extremely persuasive argument in negotiating to take <sup>over</sup> ~~over~~ operation of properties adjacent to Newmont's flood area.

The trend in New Mexico with respect to capacity waterflood allowables, exempt from proration, is an ever increasing one. Unless this trend is reversed, New Mexico could end up in the same unenviable position of some of its neighbor oil producing states where an extremely large portion of market demand is served by production that is completely outside any restraints of proration.

For these reasons Pan American respectfully urges that the Commission deny Newmont's application for capacity allowables in the expansion area proposed here today.

*Guy Buell*

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

July 26, 1962

EXAMINER HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

ALBUQUERQUE, N. M.  
PHONE 243-6691

IN THE MATTER OF:

Application of Newmont Oil Company for special rules for its Square Lake Pool Waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Orders Nos. R-1110, R-1110-A, R-1110-B and R-1110-C defining the horizontal limits of its Square Lake Pool Waterflood Project in Eddy County, New Mexico, establishing rules for the expansion of said waterflood project, and providing for capacity allowables in said water project area.

CASE NO.  
2607

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: Case 2607.

MR. DURRETT: Application of Newmont Oil Company for special rules for its Square Lake Pool Waterflood Project, Eddy County, New Mexico.

MR. RUSSELL: John F. Russell of the firm Campbell & Russell, Roswell, New Mexico, representing Newmont Oil Company.

I have one witness.

(Witness sworn.)



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

ALBUQUERQUE, N. M.  
PHONE 243-6691

EXAMINER UTZ: Any other appearances? You may proceed.

MR. RUSSELL: For the benefit of the Examiner, I would like to state that at the Hearing in Case No. 2566, held on May 23 of this year, the exhibit offered showed the acreage under question here as being included within the waterflood project, on the erroneous assumption that it had been, otherwise it would have been submitted in the same application, and this application is to correct that situation.

C. W. STUMHOFFER,

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. RUSSELL:

Q Will you please state your name and address?

A C. W. Stumhoffer, Fort Worth, Texas.

Q By whom are you employed?

A Newmont Oil Company.

Q What --

EXAMINER UTZ: Spell that name, please.

A S-t-u-m-h-o-f-f-e-r.

Q (by Mr. Russell) In what capacity are you employed?

A As petroleum engineer.

Q Have you previously qualified to give testimony before this Commission?

A No, sir, I haven't.



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Q Will you give a brief resume of your educational and professional background, please?

A I received my Bachelor of Science degree in Petroleum Engineering from the University of Texas in 1935, and since that time I have been working in various phases of waterflood operations in the mid-continent area for various companies, and for the past three years I have been employed by Newmont Oil Company as a petroleum engineer specializing in waterflood operations in Texas and New Mexico.

MR. RUSSELL: Are the witness's qualifications acceptable?

EXAMINER UTZ: Yes, sir, they are.

Q (by Mr. Russell) Are you familiar with the application of Newmont Oil Company which was filed in this case?

A Yes, sir, I am.

Q What do you seek to acquire by this application?

A We seek to expand our existing east Square Lake waterflood project that has been approved under various Commission orders in the past, to include the North half of the Northeast quarter of Section 29, Township 16 South, Range 31 East in Eddy County, New Mexico.

(Whereupon Applicant's Exhibit No. 1 marked for identification)

Q Referring you to what has been marked as Exhibit 1, was this exhibit prepared by you?



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A Yes, it was.

Q Will you please explain to the Commission what it represents?

A The exhibit shows the existing east Square Lake project as approved and outlined in orange, and the 80 acre tract outlined in yellow is the acreage we desire to be included in this project.

Q Do you have an operating agreement covering the acreage in question here?

A Yes, we do.

Q Now, there are two wells shown on the tract outlined in yellow. Will you please explain the status of these two wells?

A The Well No. 4 is plugged and abandoned at the present time. It has been since 1951. Well No. 3 was also plugged and abandoned in 1951, but Newmont, since acquiring the property, has re-entered this well and completed it as a producing well from the upper San Andres and lower Grayburg zones.

Q Will you locate for the Examiner the offset injection wells to this acreage?

A We have Well No. 3 Brunning Unit which is located in the Southwest quarter of the Northeast quarter of Section 29, which has been on injection since August of 1961. And we have Well No. 2 Greer Federal, located in the Northeast of the Northwest of Section 29, which was placed on injection this month, July of '62.





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Q In your opinion, is the addition of this acreage to your existing waterflood project a legitimate expansion of this project?

A Yes, it is.

Q In your opinion, will the granting of the request asked for tend to prevent waste and to conserve oil on to this acreage?

A Yes, sir.

Q Now, in the event you are granted the request by the Commission, how do you propose to operate this acreage?

A We propose to operate it as a legitimate expansion of our existing project under Rule 701E except we request exemption from the allowable ruling of Rule 701.

Q All of the other acreage in your approved project has been given exact allowables, has it not?

A Yes, sir.

MR. RUSSELL: I have no further questions of this witness at this time.

I would like to offer into evidence Applicant's Exhibit No. 1.

EXAMINER UTZ: Without objection, Applicant's Exhibit No. 1 will be entered into the record.

(Whereupon Applicant's Exhibit No. 1 admitted into evidence.)

CROSS EXAMINATION

BY EXAMINER UTZ:

Q Mr. Stumhoffer, did you have the operating agreement



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In effect at the time you requested the other 160 in whatever case it was?

A Yes, sir, we did.

Q 2566?

A The date of that agreement was August the 1st, 1961.

Q And it was just inadvertently left out of that application?

A Yes, sir, it was. I think we were under the impression it had been included, and it had not been.

Q Do you know whether or not Newmont has other operating agreements adjacent to this waterflood at this time?

A We have none at the present time, no, sir.

MR. NUTTER: Are any being negotiated at this time?

A We have, just outside of conversations, no, sir, we have not.

Q (by Examiner Utz) Did you intend to make any injection wells on this 80?

A Wes, sir, we propose to make Well No. 4 an injection well.

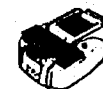
Q It's now P and A?

A Yes, sir.

Q Are you receiving response from the No. 3 Greer at this time?

A Yes, sir, we are, from water injection to the south.

Q From the No. 3 Brunning Unit?



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A Yes, sir.

Q How soon do you propose to make the No. 4 Greer into an injection well?

A We propose to do it during the last part, last six months of 1962. We haven't set a definite date yet, but we plan to do it this year.

EXAMINER UTZ: Any other questions?

MR. NUTTER: Yes, sir.

CROSS EXAMINATION

BY MR. NUTTER:

Q What is the rate of production on the No. 3 group?

A At the present time 70 BOPD.

Q What's the oil on the pool?

A It's 34 barrels a day.

Q And it's being produced at 34 barrels a day?

A Yes, sir, it is. It has been on production since May, of '62.

Q Did it come in with a potential of 70 BPD when you re-entered?

A It came in a potential of 80 barrels a day, which it dropped to 45 and it's since come back to 70.

Q It's come back up?

A Yes, sir.

EXAMINER UTZ: When did you open that well up?

A In May of 1962.



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MR. NUTTER: I have no further questions.

EXAMINER UTZ: Any other questions?

The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements in this case?

MR. DURRETT: Yes, sir. I have a statement which was left with me by Mr. Guy Buell, requesting I read it into the record for Pan American Corporation. With your permission, I will read it at this time.

EXAMINER UTZ: You may read it in the record.

MR. DURRETT: The statement reads as follows:

"Pan American would respectfully direct the Commission's attention to its statement of position made in Case 2566 which was heard only two months ago on May 23, 1962. In that case Newmont Oil Company was also the applicant and then, as is the case here today, Newmont was asking to expand the limits of their Square Lake Pool Waterflood Project with capacity allowables for the expanded area.

"In our statement opposing that request we pointed out that in expanding their project to properties operated by others that Newmont was circumventing the purpose and intent of Rule 701. We would again remind the Commission that the lure of capacity allowables is an extremely persuasive argument in negotiating to take over operation of properties adjacent to Newmont's flood area.

"The trend in New Mexico with respect to capacity water-



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flood allowables, exempt from proration, is an ever increasing one. Unless this trend is reversed, New Mexico could end up in the same unenviable position of some of its neighbor oil producing states where an extremely large portion of market demand is served by production that is completely outside any restraints of proration.

"For these reasons Pan American respectfully urges that the Commission deny Newmont's application for capacity allowables in the expansion area proposed here today." Signed, Guy Buell.

MR. RUSSELL: Mr. Examiner, in response to that statement, I would like to state that the operating agreement covering the North half of the Northeast quarter of Section 29, Township 16 South, Range 31 East, between John M. Fidel and Newmont Oil Company, was executed on August 3rd, 1961.

EXAMINER UTZ: Any other statements?

The case will be taken under advisement.

\* \* \* \*



STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss.

I, MARIANNA MEIER, NOTARY PUBLIC in the for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

*Marianna Meier*  
NOTARY PUBLIC

My Commission Expires:  
\_\_\_\_\_

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2607, heard by me on *July 26*, 19*62*.  
*John H. [Signature]*, Examiner  
New Mexico Oil Conservation Commission

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-2-

CASH No. 2607  
Order No. R-1110-D

County, New Mexico, which lands were to be operated by Newmont Oil Company under an agreement with the owner of said 160-acre tract.

(6) That the entire area included in the waterflood project by Orders Nos. R-1110, R-1110-A, R-1110-B, and R-1110-C was exempted from the allowable provisions of Rule 701-E.

(7) That in the subject case, the applicant, Newmont Oil Company, seeks permission to expand the waterflood project to include the N/2 NE/4 of Section 29, Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, which lands are to be operated by Newmont Oil Company under an operating agreement with John N. Fidel.

(8) That the applicant had previously entered into the operating agreement with John N. Fidel concerning the subject lands, and the lands were intended to be included in Newmont Oil Company's application for expansion of the waterflood project filed in Case No. 2566 and subsequently granted by Order No. R-1110-C, but that the applicant inadvertently omitted the subject lands from the said application.

(9) That the conversion to water injection of wells in the area proposed to be included in the waterflood project should be approved, and said area should be exempt from the allowable provisions of Rule 701-E. Provided however, that any future expansions to said waterflood project area should be considered for inclusion in a buffer zone to be created around said project area.

IT IS THEREFORE ORDERED:

(1) That the Square Lake Waterflood Project operated by the applicant, Newmont Oil Company, shall comprise the following-described acreage:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
EDDY COUNTY, NEW MEXICO

Section 19:	S/2 SE/4
Section 20:	S/2 SW/4
Section 28:	W/2 SW/4
Section 29:	All
Section 30:	NE/4 and E/2 SE/4
Section 32:	N/2
Section 33:	N/2, SE/4 and E/2 SW/4
Section 34:	S/2, W/2 NW/4 and SW/4 NE/4

(2) That all of the above-described acreage which was not included in the previously authorized Square Lake Waterflood Project is hereby designated a legitimate expansion of said project, and shall be exempt from the allowable provisions of Rule 701-E.

(3) That the provisions of Orders Nos. R-1110, R-1110-A, R-1110-B, and R-1110-C shall remain in full force and effect.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 2607  
Order No. R-1110-D

APPLICATION OF NEWMONT OIL COMPANY  
FOR AN AMENDMENT OF ORDERS NOS.  
R-1110, R-1110-A, R-1110-B, AND  
R-1110-C, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 26, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 2nd day of August, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Order No. R-1110 authorized the institution of a pilot waterflood project in the Square Lake Pool to inject water into the Lower Grayburg and the Upper San Andres formations in Sections 29, 30, and 32 of Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That Order No. R-1110-A authorized the use of different water injection wells from those authorized in Order No. R-1110.

(4) That Order No. R-1110-B expanded said waterflood project to include lands in Sections 28, 31, 32, 33, and 34, all in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, which expansion included lands to be operated by Newmont Oil Company under an agreement with Kennedy Oil Company and Southern Petroleum Exploration Company.

(5) That Order No. R-1110-C expanded said waterflood project to include the S/2 SW/4 of Section 20 and the N/2 NW/4 of Section 29, all in Township 16 South, Range 31 East, NMPM, Eddy



-3-  
CASE No. 2607  
Order No. P-1110-D

(4) That the waterflood project as expanded by this order shall be operated in accordance with the provisions of Rule 701-E of the Commission Rules and Regulations, except as provided in Paragraph 2 above.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

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