

*Filed February 8 1962
D.P.*

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. 2473
Order No. R-2178

APPLICATION OF NEWMONT OIL COMPANY
FOR EXPANSION OF ITS LOCO HILLS
WATERFLOOD PROJECT, 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 4, 1962, 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 30th day of January, 1962, 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, Newmont Oil Company, seeks permission to expand its Loco Hills Waterflood Project to include the West Loco Hills Grayburg No. 4 Sand Unit Area, comprising 5,320 acres, more or less, in Townships 17 and 18 South, Ranges 29 and 30 East, NMPM, Eddy County, New Mexico, which unit was approved by Order No. R-2166.

(3) That the applicant seeks permission to operate the expanded waterflood project as a "capacity" type flood unrestricted by the allowable provisions of Rule 701 E.

(4) That in the interest of increasing ultimate recovery in the Loco Hills Pool, the applicant should be authorized to

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conduct waterflood operations in the West Loco Hills Grayburg No. 4 Sand Unit Area by the injection of water into the Loco Hills Sand; that the allowables to be assigned to wells in this project should be governed by the provisions of Rule 701 E, except that a buffer zone should be established in which allowables would be unrestricted.

(5) That production from wells outside the buffer zone should be tanked separately from production from wells inside the buffer zone unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

(6) That for the purpose of determining the project area and computing the project allowable under Rule 701 E, any producing well in said project area lying outside the buffer zone should be entitled to receive credit for offsetting an injection well regardless of whether the injection well is in the buffer zone or in the project area.

IT IS THEREFORE ORDERED:

(1) That the applicant, Newmont Oil Company, is hereby authorized to institute a waterflood in the Loco Hills Pool within the West Loco Hills Grayburg No. 4 Sand Unit Area located in Townships 17 and 18 South, Ranges 29 and 30 East, NMPM, Eddy County, New Mexico, by the injection of water initially into the following-described wells:

Ballard B No. 1 - SE/4 NW/4 Section 1, Township 18 South,
Range 29 East

Dixon Yates Federal No. 2 - SE/4 SE/4 Section 1, Township
18 South, Range 29 East

Newmont Canfield No. 1-A - NW/4 NW/4 Section 7, Township
18 South, Range 30 East

(2) That the ultimate project area for said waterflood shall consist of all the acreage within the said West Loco Hills Grayburg No. 4 Sand Unit Area, except the following-described acreage which shall constitute a buffer zone:

TOWNSHIP 17 SOUTH, RANGE 29 EAST
Section 36: S/2 SW/4

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TOWNSHIP 18 SOUTH, RANGE 29 EAST

Section 1: W/2 and S/2 SE/4

Section 12: NE/4 and N/2 NW/4

TOWNSHIP 18 SOUTH, RANGE 30 EAST

Section 7: NW/4

(3) That the wells located within the above-described buffer zone may be operated at unrestricted rates of production.

(4) That all producing wells located within said waterflood project and outside the above-described buffer zone shall be operated and produced in accordance with the allowable provisions of Rule 701 E of the Commission Rules and Regulations.

(5) That for the purpose of determining the project area and computing the project allowable under Rule 701 E, any producing well in said project area lying outside the buffer zone shall be entitled to receive credit for offsetting an injection well regardless of whether the injection well is in the buffer zone or in the project area.

(6) That production from wells outside the buffer zone shall be tanked separately from production from wells inside the buffer zone unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

(7) 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



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member)



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

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