

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. 2886
Order No. R-2571

APPLICATION OF AMBASSADOR OIL CORPORATION
FOR A CAPACITY 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 August 21, 1963, 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 25th day of September, 1963, 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, is the owner and operator of the Federal "Q" Lease, comprising the NW/4 of Section 3, Township 17 South, Range 30 East, NMPM, Square Lake Pool, Eddy County, New Mexico, which lease is offset to the north and to the west by a capacity-type waterflood project operated by Newmont Oil Corporation.

(3) That the applicant desires to institute a waterflood project on said Federal "Q" Lease by the injection of water into the Lower Grayburg and Upper San Andres formations through two wells located in Units D and F of said Section 3, and to that effect has entered into a Cooperative Waterflood Agreement with Newmont Oil Corporation and with Water-Flood Associates, Inc., the latter being the operator of the NE/4 of said Section 3.

(4) That the wells in the proposed project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

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(5) That the proposed waterflood project is in the interest of conservation and should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(6) That the subject application to institute a waterflood project in the NW/4 of Section 3, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, should be approved.

(7) That due to the size of the tract involved it is impracticable to create a buffer zone for allowable purposes in this instance and that wells in this project should be granted an allowable equal to their capacity to produce.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ambassador Oil Corporation, is hereby authorized to institute a waterflood project in the Square Lake Pool, Eddy County, New Mexico, by the injection of water into the Lower Grayburg and Upper San Andres formations through the following-described injection wells in Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico:

Federal "Q" Well No. 1, NW/4 NW/4 of Section 3,
Federal "Q" Well No. 4, SE/4 NW/4 of Section 3.

(2) That the operation of the waterflood project herein authorized shall in all respects be governed by the provisions of Rule 701 of the Commission Rules and Regulations with the exception that the provisions of Rule 701-E-3 regarding allowables shall in this case not be applicable, and the wells in this project shall be granted an allowable equal to their ability to produce.

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


(4) 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


JACK M. CAMPBELL, Chairman


E. S. WALKER, Member


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

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