

*Entered February 14, 1964  
R.S.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. 2955  
Order No. R-2633

APPLICATION OF AMBASSADOR OIL  
CORPORATION FOR A WATERFLOOD  
PROJECT, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 4, 1963, 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 16th day of January, 1964, 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 by Order No. R-2617, the Commission approved the Langlie-Mattix Penrose Sand Unit Agreement.

(3) That the applicant, Ambassador Oil Corporation, is the operator of said unit and seeks authority to expand the existing pilot waterflood project in Section 34, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, by converting to water injection five wells located in Sections 27, 33, and 34 of said Township.

(4) That the applicant also seeks the assignment of capacity allowables to producing wells in the proposed project.

(5) That although a special lease allowable was previously authorized for the offsetting waterflood project south and west of the proposed Langlie-Mattix Sand Unit Waterflood Project, no special allowable has ever been requested or assigned to the pilot project in the subject unit area.

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(6) That the producing wells in the pilot waterflood area previously approved in the Langlie-Mattix Sand Unit Area are declining in production and are now approaching depletion.

(7) That although special capacity allowables have been assigned pursuant to the provisions of Finding No. 8 of Order No. R-1525 for certain projects authorized by the Commission prior to the amendment of Rule 701, the applicant in this case has not established that the assignment of capacity allowables is necessary because of the purchase and installation of facilities and mechanical equipment designed for producing wells in the subject project at rates in excess of the project allowable which will be available under Rule 701-E of the Commission Rules and Regulations.

(8) That in order to prevent waste and protect correlative rights, capacity allowables should not be assigned to producing wells in the proposed project area.

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

(10) That a waterflood project in the proposed area should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(11) That the applicant should be authorized to expand the existing waterflood project in the proposed area and that said expansion should be governed by Rule 701 of the Commission Rules and Regulations.

(12) That inasmuch as no record can be found for the authorization of applicant's T. O. May Well No. 4, located in the SE/4 NE/4 of Section 34, Township 22 South, Range 37 East, as a water injection well, such authorization should be given at this time as the well is being utilized in this manner.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ambassador Oil Corporation, is hereby authorized to expand its waterflood project in the Langlie-Mattix Pool by the injection of water into the Queen formation through the following-described five wells located in Township 22 South, Range 37 East, NMPM, Lea County, New Mexico:

Section 27

Ambassador L. J. May Well No. 19-1, located  
in the NW/4 SE/4

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Ambassador L. J. May Well No. 19-2, located  
in the SE/4 SE/4

Ambassador State "H" Well No. 21-2, located  
in the SE/4 SW/4

Section 33

Ambassador Glier Well No. 35-2, located in  
the SE/4 NE/4

Section 34

Ambassador "H" Well No. 21-3, located in  
the NW/4 NW/4

(2) That the conversion to water injection of the Ambassador T. O. May Well No. 4, located in the SE/4 NE/4 of Section 34, Township 22 South, Range 37 East, NMPM, is hereby approved.

(3) That the waterflood project herein authorized shall be governed by the provisions of Rule 701 of the Commission Rules and Regulations, including the allowable provisions thereof, and including the provisions with respect to expansion of the waterflood project.

(4) 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.

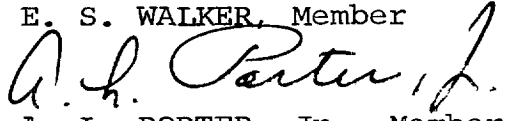
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JACK M. CAMPBELL, Chairman

  
E. S. WALKER, Member

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

S E A L

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