

*Entered June 30, 1965
A.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. 3254
Order No. R-2933

APPLICATION OF DIXON & YATES OIL COMPANY
FOR A 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 May 26, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of June, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Dixon & Yates Oil Company, seeks permission to institute a waterflood project in the Loco Hills Pool by the injection of water into the Grayburg formation through its Boulter Well No. 3, located 660 feet from the North line and 660 feet from the West line of Section 14, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That the applicant also seeks designation of the N/2 NW/4 of said Section 14 as a capacity-type waterflood project.

(4) That the project area is offset to the North and West by a prorated waterflood project wherein transfer of allowables is permitted.

-2-

CASE No. 3254
Order No. R-2933

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

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

(7) That the applicant and the operator of the waterflood project to the North and West have entered into an agreement for cooperative waterflooding across lease lines.

(8) That the applicant has not established that the wells in the project area would be capable of producing more than the allowable that they would receive under a prorated waterflood project.

(9) That the applicant has not established that designation of the N/2 NW/4 of said Section 14 as a capacity-type waterflood project is necessary in order to prevent waste or protect correlative rights.

(10) That the applicant should be authorized to institute a waterflood project in the proposed area and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(11) That the applicant's request that the N/2 NW/4 of said Section 14 be designated a capacity-type waterflood project should be denied.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dixon & Yates Oil Company, is hereby authorized to institute a waterflood project in the Loco Hills Pool by the injection of water into the Grayburg formation through its Boulter Well No. 3, located 660 feet from the North line and 660 feet from the West line of Section 14, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That the applicant's request that the N/2 NW/4 of said Section 14 be designated a capacity-type waterflood project is hereby denied.

-3-

CASE No. 3254

Order No. R-2933

(3) That the waterflood project herein authorized shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(4) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 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


GUXTON B. HAYS, Member


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

S E A L

esr/