

Entered October 23, 1962

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. 2634
Order No. R-2323

APPLICATION OF AMBASSADOR OIL CORPORATION
FOR APPROVAL OF THE GRAYBURG-JACKSON UNIT
AGREEMENT AND FOR AN ORDER AUTHORIZING A
WATERFLOOD PROJECT IN THE GRAYBURG-JACKSON
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 September 11, 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 3rd day of October, 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 the applicant, Ambassador Oil Corporation, seeks approval of the Grayburg-Jackson Unit Agreement covering 1600 acres, more or less, of Federal and State lands in Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.
- (3) That the applicant proposes to institute a waterflood project in the proposed Grayburg-Jackson Unit Area with the initial injection of water into the Grayburg formation to be through six wells located therein.
- (4) That approval of the proposed Grayburg-Jackson Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.
- (5) That the wells in the proposed waterflood project have reached an advanced stage of depletion and are properly classified as "stripper" wells.

(6) That the proposed waterflood project should be authorized and the operation thereof should be governed by the provisions of Rule 701 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the Grayburg-Jackson Unit Agreement is hereby approved.

(2) That the plan under which the unit area shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Grayburg-Jackson Unit Area, and such plan shall be known as the Grayburg-Jackson Unit Agreement Plan.

(3) That the Grayburg-Jackson Unit Agreement Plan is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Oil Conservation Commission of New Mexico by law relative to the supervision and control of operations for the exploration and development of any lands committed to the Grayburg-Jackson Unit, or relative to the production of oil and gas therefrom.

(4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 17 SOUTH, RANGE 30 EAST
EDDY COUNTY, NEW MEXICO

Section 22: SE/4, NE/4 SW/4, and
S/2 SW/4
Section 23: SW/4 NW/4, SW/4, and
S/2 SE/4
Section 25: SW/4
Section 26: All
Section 27: NE/4 and NE/4 SE/4
Section 36: NW/4 NW/4

comprising 1600 acres, more or less.

(b) That the unit area may be enlarged or contracted as provided in said plan; provided, however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Commission.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the Grayburg-Jackson Unit Agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any party or

expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(6) That the portion of this order relating to the approval of the Grayburg-Jackson Unit Agreement shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of such termination.

(7) That the applicant is hereby authorized to institute a waterflood project in the Grayburg-Jackson Unit Area with the initial injection of water into the Grayburg formation through the following-described wells:

| TRACT AND WELL NUMBER | LOCATION |
|-----------------------|-----------------------|
| 3-3 | NW/4 SW/4, Section 23 |
| 7-3 | SE/4 SW/4, Section 23 |
| 9-1 | NW/4 NE/4, Section 26 |
| 12-1 | SE/4 NW/4, Section 26 |
| 10-2 | NW/4 NW/4, Section 26 |
| 7-2 | SE/4 SE/4, Section 22 |

all in Township 17 South, Range 30 East, NMPM.

(8) That the operation of the waterflood project shall be governed by the provisions of Rule 701 of the Commission Rules and Regulations.

(9) 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.

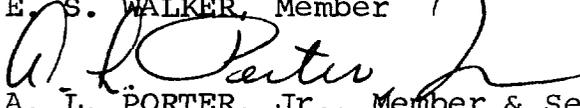
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

S E A L

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