

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF PELTO OIL COMPANY
FOR AUTHORITY TO INSTITUTE A
WATER FLOOD PROJECT, CHAVES COUNTY,
NEW MEXICO.

RECEIVED No. 9211

AUG 14 1987

APPLICATION

OIL CONSERVATION DIVISION

Pelto Oil Company hereby applies to the New Mexico Oil Conservation Division for an order approving institution of a water flood project for secondary recovery of hydrocarbons in the proposed Twin Lakes San Andres Unit, Chaves County, New Mexico, and in support thereof, states:

1. Pelto Oil Company, in an accompanying application, has requested Division approval of statutory unitization and a unit for the proposed Twin Lakes San Andres Unit in Chaves County, New Mexico. The Unit Area, Unitized Formation, Unit Agreement, and Unit Operating Agreement are described in said application.

2. Pelto Oil Company proposes to institute a water flood project for the secondary recovery of oil and gas from the Unitized Formation within the Unit Area.

3. By converting certain presently producing wells, Pelto Oil Company proposes to inject fluids into the San Andres formation in the Twin Lakes San Andres Unit. Attached hereto as Exhibit No. 1 is a plat showing the location of all wells located within the Unit Area which are proposed to be used as producing wells or injection wells.

4. The water rights to be used for injection for the waterflood project have been acquired, and are located

approximately 27 miles to the southeast in Lea County. The water will be transported to the Unit Area by means of a pipeline to be constructed by the unit operator. This pipeline will belong to working interest owners of the Unit. Rights-of-way for the pipeline have already been acquired. Initially, 11,600 barrels of water per day will be injected, with an anticipated maximum injected volume of 21,800 barrels of water per day.

5. Water is to be injected at a surface pressure not to exceed 0.2 psi per foot of depth to top of injection zone, provided that surface pressure in excess of 0.2 psi per foot of depth to injection zone may be applied upon administrative approval as provided by Oil Conservation Division rules and regulations.

6. Approval of the water flood project will substantially increase recoverable reserves to be produced within the useful life of the new production facilities which will be installed, thereby preventing waste and protecting correlative rights.

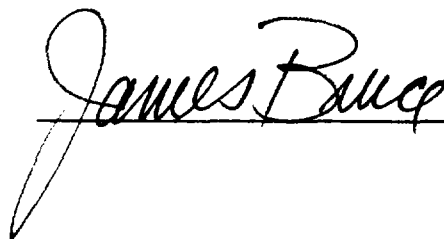
7. A copy of Form C-108 relating to the proposed Twin Lakes San Andres Unit is attached hereto as Exhibit No. 2.

WHEREFORE, Pelto Oil Company requests that this application be set for hearing before the Division on September 9, 1987 and that the Division enter its order approving the water flood project.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By

A handwritten signature in cursive script, appearing to read "James B. Buech", is written over a horizontal line.

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