

Application of MINNIE
FOR AN UNORTHODOX
WEST COUNTY, NEW MEXICO

4903

Application
Transcripts.

Small Exhibits

ETC.

dearnley, meier & mc cormick

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
Wednesday, February 14, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Newmont Oil Company
for an unorthodox location, Eddy
County, New Mexico.

Case 4903

BEFORE: Daniel S. Nutter
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

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1 MR. NUTTER: Call Case Number 4903.

2 MR. CARR: Case 4903, application of Newmont Oil
3 Company for an unorthodox location, Eddy County, New Mexico.

4 MR. RUSSELL: John F. Russell, Roswell, representing
5 the applicant, and I have one witness.

6 CHARLES JOY

7 a witness, having been first duly sworn according to law,
8 upon his oath, testified as follows:

9 DIRECT EXAMINATION

10 BY MR. RUSSELL:

11 Q Will you please state your name, address, and the name
12 of your employer and what your employment is?

13 A Charles Joy, Newmont Oil Company, Superintendent of
14 Newmont Oil Company located in Artesia, New Mexico.

15 Q And are you familiar with the application of Newmont
16 Oil Company in Case 4903?

17 A Yes, I am.

18 Q And what do you ask under this application?

19 A Under this application, we are requesting permission
20 to infield drill our West Loco Hills Unit, and at this
21 time we are going to request that we drill Tract 9,
22 Well No. 5, 990 feet from the South line and 1,310 feet
23 from the East line of Section 3, Township 18 South,
24 Range 29 East, Eddy County, New Mexico. We are also
25 going to request permission to be able to secure

dearnley, meier & mc cormick

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1 administrative approval to drill further unorthodox
2 locations within the unit and no closer than 330 feet
3 from the exterior boundary of the unit.

4 Q That is an unorthodox location for both injection and
5 production wells?

6 A Yes, sir.

7 Q In connection with this case, have you prepared a
8 brochure containing information for the Examiner, as
9 well as 4 exhibits?

10 A Yes, I have.

11 Q Now, I will refer to what has been marked as Applicant's
12 Exhibit No. 1 and ask you what that exhibit is.

13 A This is a structure of the area underlying the unit.
14 It also shows the individual tracts in the unit, whether
15 they are fee-owned, State-owned, or Federal-owned leases.

16 Q And it shows the location of the proposed well?

17 A Yes, sir, also all the wells, both oil wells and
18 producing wells.

19 Q And this entire area has been established as productive
20 of oil, has it not?

21 A Yes, sir.

22 Q All right. I refer to you what has been marked as
23 Applicant's Exhibit No. 2 and ask you to explain what
24 that exhibit is.

25 A That is an Isopachous Map of the area underlying the

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Loco Hills West No. 4 Crayburg, and it shows the net feet of pay underlying the area.

Q And also the same legend as to the land ownership?

A Yes, sir.

Q All right. Going to what has been marked as Applicant's Exhibit No. 3, will you explain what that exhibit is and what it portrays?

A This is the proposed infield well which is the subject of this hearing, it is scheduled to be drilled at a location 990 feet from the south line and 1,310 feet from the east line of Section 3, Township 18 South, Range 29 East, shown on Exhibit No. 3. This location is offset by four wells shown on the exhibits, two producing and two injection. Within the area bounded by these four wells, the estimated original oil-in-place was 516,000 barrels of which 169,000 barrels had been recovered as of January 1, 1973, 77,000 barrels under primary production and 92,000 barrels under secondary production. And oil reserves from the two existing producing wells are nominal. Based on these figures, an additional 347,000 barrels remain in the reservoir area bounded by the four wells.

Water movement under the reservoirs in the pattern of a waterflood is such that it traps oil between the injection wells. The results of this behavior is

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- 1 reflected on the schematic on Exhibit No. 3 with the
 2 proposed well location shown in the area where the oil
 3 is believed to be trapped. This is the reason for
 4 requesting authorization to drill oil at the proposed
 5 unorthodox location. Based on the reservoir parameter
 6 applicable, and estimated 136,000 barrels of oil-in-place
 7 or within the area of entrapment shown on the exhibit.
 8 We propose to drill the infield well to recover part
 9 of this oil. We feel like in this area there is
 10 112,125 barrels of primary and secondary oil existing,
 11 and from the past exhibit patterns, we would
 12 like to recover approximately 44,476 barrels from this
 13 area by drilling the infield well at the proposed
 14 location.
- 15 Q In your opinion, this is oil which would not be recovered
 16 by the set waterflood pattern, is that correct?
- 17 A Yes.
- 18 Q This is within the boundaries of the Grayburg No. 4
 19 Sand Unit, is it not?
- 20 A Yes, sir.
- 21 Q Which is outlined in Exhibits No. 1 and 2?
- 22 A Yes, sir.
- 23 Q All right. I refer to you Exhibit No. 4 and ask you
 24 what that is.
- 25 A That is a schematic of the proposed well, the casing

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1 program and the method of completion.

2 Q Now, in your opinion, would the granting of the
3 application protect correlative rights and prevent waste
4 by recovering oil which otherwise would not be recovered
5 from the field?

6 A Yes, sir.

7 Q Were Exhibits 1 through 4 prepared by you or under your
8 direction and supervision?

9 A Prepared under my direction and supervision.

10 MR. RUSSELL: At this time I would like to offer
11 Applicant's Exhibits 1 through 4.

12 MR. NUTTER: Applicant's Exhibits 1 through 4 will
13 be admitted in evidence.

14 Q (By Mr. Russell) And you are also asking the Commission
15 to retain jurisdiction to administratively approve
16 unorthodox locations of production and injection wells
17 within the unit where they are not closer than 330 feet
18 to the unit boundary, is that correct?

19 A That's correct.

20 MR. RUSSELL: I have no further questions of this
21 witness.

22 MR. NUTTER: Does anyone have any questions of the
23 witness?

24 (No response.)

25 MR. NUTTER: He may be excused. Do you have anything

dearnley, meier & mc cormick

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1 further, Mr. Russell?

2 MR. RUSSELL: I have nothing further.

3 MR. NUTTER: Does anyone have anything they wish
4 to offer in Case 4903?

5 (No response.)

6 MR. NUTTER: We will take the case under advisement.

7 * * * * *

8 STATE OF NEW MEXICO)
9) ss.
COUNTY OF BERNALILLO)

10
11 I, JOHN DE LA ROSA, a Court Reporter, in and for the
12 County of Bernalillo, State of New Mexico, do hereby certify
13 that the foregoing and attached Transcript of Hearing before
14 the New Mexico Oil Conservation Commission was reported by me;
15 and that the same is a true and correct record of the said
16 proceedings to the best of my knowledge, skill and ability.

17 John De La Rosa
COURT REPORTER

18
19
20
21
22 I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 4903
23 heard by me on 2/14, 1973.

24 Arthur, Examiner
New Mexico Oil Conservation Commission
25

dearnley, meier & mc cormick

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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108I N D E XWITNESSPAGE

CHARLES JOY

Direct Examination by Mr. Russell

3

E X H I B I T SOFFEREDADMITTED

Applicant's Exhibit No. 1

7

7

Applicant's Exhibit No. 2

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7

Applicant's Exhibit No. 3

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7

Applicant's Exhibit No. 4

7

7



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMJO
MEMBER**

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

February 21, 1973

**Mr. Jack Russell
Attorney at Law
Post Office Drawer 640
Roswell, New Mexico 88201**

Re: Case No. 4903
Order No. R-4483
Applicant:

Newmont Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Foster, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other _____

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. 4903
Order No. R-4483

APPLICATION OF NEWMONT OIL
COMPANY FOR AN UNORTHODOX
LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 14, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of February, 1973, 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, Newmont Oil Company, seeks authority to drill a producing oil well at an unorthodox location 990 feet from the South line and 1310 feet from the East line of Section 3, Township 18 South, Range 29 East, Loco Hills Pool, Eddy County, New Mexico.

(3) That the proposed unorthodox location is necessary to complete an efficient oil producing pattern.

(4) That approval of the aforesaid unorthodox location will afford the applicant the opportunity to produce its just and equitable share of the oil in the Loco Hills Pool, and will otherwise prevent waste and protect correlative rights.

(5) That the applicant further seeks the establishment of an administrative procedure whereby additional producing and injection wells could be drilled at unorthodox locations within the boundaries of the West Loco Hills Grayburg No. 4 Sand Unit Area without notice and hearing.

-2-

Case No. 4903
Order No. R-4483

(6) That approval of such an administrative procedure will not cause waste nor impair correlative rights provided no unorthodox location nearer than 330 feet to the outer boundary of the unit area is approved without notice and hearing.

IT IS THEREFORE ORDERED:

(1) That the applicant, Newmont Oil Company, is hereby authorized to drill a producing oil well at an unorthodox location 990 feet from the South line and 1310 feet from the East line of Section 3, Township 18 South, Range 29 East, NMPM, Loco Hills Pool, Eddy County, New Mexico.

(2) That the Secretary-Director of the Commission may approve such additional producing and injection wells at orthodox and unorthodox locations within the West Loco Hills Grayburg No. 4 Sand Unit Area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to the outer boundary of said unit area nor closer than ten feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with the provisions of Rule 701-B of the Commission Rules and Regulations.

(3) 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



Bruce King
BRUCE KING, Chairman

Alex J. Armiijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

LAW OFFICES OF
JOHN F. RUSSELL
412 HINKLE BUILDING
P. O. DRAWER 640
ROSWELL, NEW MEXICO 86201

TELEPHONE 622-4641
AREA CODE 505

February 9, 1973

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Newmont Oil Company
Case No. 4903

Dear Mr. Porter:

I transmit herewith copies of the various Exhibits which will be presented at the Examiner Hearing in connection with the captioned case on February 14th.

Very truly yours,

John F. Russell
John F. Russell

JFR:mg

Enclosures



DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 14, 1973

9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for March, 1973 from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico for March, 1973.

CASE 4903: Application of Newmont Oil Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 990 feet from the South line and 1310 feet from the East line of Section 3, Township 18 South, Range 29 East, Loco Hills Pool, Eddy County, New Mexico.

CASE 4904: Application of Texas Pacific Oil Company, Inc. for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the two following non-standard gas proration units in Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

A 120-acre unit comprising the W/2 SW/4 and NE/4 SW/4 of Section 4 to be dedicated to the State "A" Well No. 18 located in Unit M of said Section 4;

A 320-acre unit comprising the SE/4 SW/4 of Section 4 and the NW/4, S/2 NE/4, and NE/4 NE/4 of Section 9 to be simultaneously dedicated to the State "A" Well No. 111 located in Unit N of Section 4, Well No. 41 located in Unit A of Section 9, and Well No. 100 located in Unit H of Section 9.

CASE 4905: Application of John H. Hendrix for two dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete his Cossatot "B" Wells Nos. 2 and 3 located in Units M and N, respectively, of Section 12, Township 22 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Drinkard and Wantz-Granite Wash Pools through parallel strings of tubing.

CASE 4647 (Reopened):

In the matter of Case 4647 being reopened pursuant to the provisions of Order No. R-4246, which order established special rules and regulations for the Venado-Mesaverde Oil Pool, Sandoval County, New Mexico,

NEWMONT OIL COMPANY
APPLICATION FOR
UNORTHODOX LOCATION
AND
ADMINISTRATIVE APPROVAL
FOR FUTURE LOCATIONS

WEST LOCO HILLS GRAYBURG NO. 4 SAND UNIT
EDDY COUNTY, NEW MEXICO
FEBRUARY, 1973

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Isopachous Map.	No. II
Possible Area of Trapped Oil.	No. III
Schematic of Well.	No. IV

RECOMMENDATIONS

Newmont Oil Company, acting on its own behalf and as operator of the present West Loco Hills Grayburg No. 4 Sand Unit, Loco Hills Field, Eddy County, New Mexico, respectfully submits this brochure in support of its request for the following items.

1. Drill Tract 9 Well No. 3, 990' FSL and 1310' FEL of Section 3, T18S, R29E, Eddy County New Mexico.
2. Be able to secure Administrative approval to drill future unorthodox locations within the Unit and no closer than 330' from the exterior boundaries.

The drilling of infield wells will increase conservation of oil and will not infringe on the correlative rights of offset operators or unit participants.

GENERAL DISCUSSION

Newmont Oil Company is the operator of the West Loco Hills Grayburg No. 4 Sand Unit which is part of the Loco Hills Pool. The Unit became effective as a waterflood project on July 1, 1963, and is located approximately 25 miles east of Artesia, New Mexico, in Northeastern Eddy County. Most of the Unit wells were drilled during the early 1940's; however, some were drilled during recent years following unitization. Production is from the Grayburg No. 4 Sand in the depth range of approximately 2,500' to 2,800'. Primary production was a solution gas drive.

Exhibits No. I and II are structure and isopachous maps of the Unit area showing the proposed well location and royalty ownership within the Unit.

The first stage of waterflooding was initiated in the northeast and east central areas of the Unit in the month the Unit became effective. This was adjacent to an non-unitized waterflood to the east. Development of the flood under approval of the Conservation Commission, continued by stages in a westerly direction with injection in the next to last stage starting during July, 1965. Development of the most westerly and last stage of the Unit was delayed pending unitization of adjacent properties to the west. Full scale injection in this last stage was initiated during May 1969, although well No. 12-2 was converted to injection February 22, 1966.

Cumulative primary oil production from the unitized area of the reservoir on the effective date of the unit was approximately 9,000,000 bbls. As of January 1, 1973, secondary recovery from the unit area was approximately 11,400,000 bbls, of oil along with approximately 21,200,000 bbls. of water and cumulative water injection was approximately 81,200,000 bbls. The average rate of oil production during December 1972 was approximately 1,950 bbls. per day.

Oil recovery from depletion drive reservoirs, such as that of the West Loco Hills Unit, is generally in the range of 15% of the original oil-in-place. Based on this recovery factor the original oil-in-place under the Unit is estimated at approximately 60,000,000 bbls. As of January 1, 1973, waterflooding has recovered an additional 19% of the estimated 60,000,000 bbls. of oil-in-place. Therefore, total recovery of oil as of that date was approximately 34% of the original oil-in-place. With the knowledge that approximately 66% of the original oil-in-place still remains in the reservoir, it is our intent to attempt to obtain some of this oil by infield drilling and thus prevent waste.

PROPOSED WELL

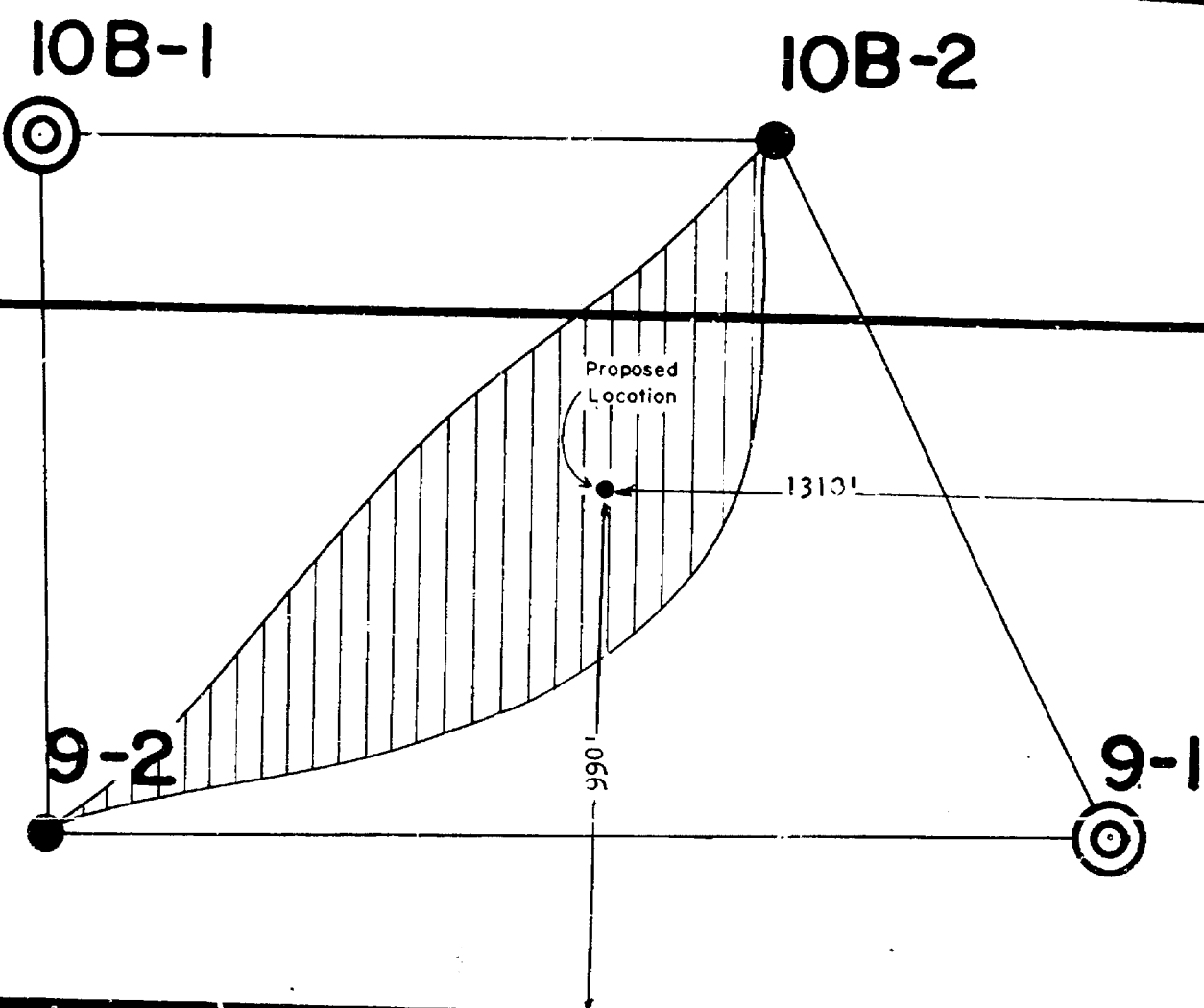
The proposed infield well which is the subject of this hearing is scheduled to be drilled at an unorthodox location 990' from the south line and 1,310' from the east line of Section 3, T18S, R29E, as shown on Exhibit No. III. This location is offset by four wells as shown on the exhibit, two producing and two injection. Within the area bounded by these four wells the estimated original oil-in-place was 516,000 bbls., of which 169,000 bbls. had been recovered as of January 1, 1973, - 77,000 bbls. under primary production and 92,000 bbls. under secondary production. Oil reserves from the two existing producing wells are nominal. Based on these figures an additional 347,000 bbls. remains in the reservoir area bounded by the four wells.

Water movement in reservoirs under pattern waterflood is such that it traps oil between injection wells. The result of this behavior is reflected schematically on Exhibit No. III with the proposed well location shown in the area where oil is believed to be trapped. This is the reason for requesting authorization to drill at the proposed unorthodox location. Based on reservoir parameter applicable to this area of the reservoir, an estimated 136,000 bbls. of oil-in-place are within the area of entrapment shown on the exhibit. We propose to drill the infield well to recover part of this oil. Exhibit IV is a schematic of the proposed well.

FUTURE DRILLING

Future need is anticipated for additional infield wells to recover part of the approximately 39,600,000 bbls. of oil left in the reservoir. It may be desirable to drill some of these wells at unorthodox locations. Since the area in question is unitized, producing wells drilled at unorthodox locations would not infringe upon the correlative rights of unit participants ^{and injectors} or offset operators. So as to authorize drilling of future producing wells at such locations without notice and hearing, we request that the Commission make provision for administrative approval of such wells which are no closer than 330' from the exterior boundary of the Unit.

EXHIBIT NO. 11



SE/4 Section 3 R 29 E T 18 S

WEST LOCO HILLS

Grayburg No. 4 Sand Unit
Eddy County, New Mexico

Schematic Diagram Showing:

- Location of proposed well
- ▨ Possible area of "trapped" oil
- Area of reservoir considered

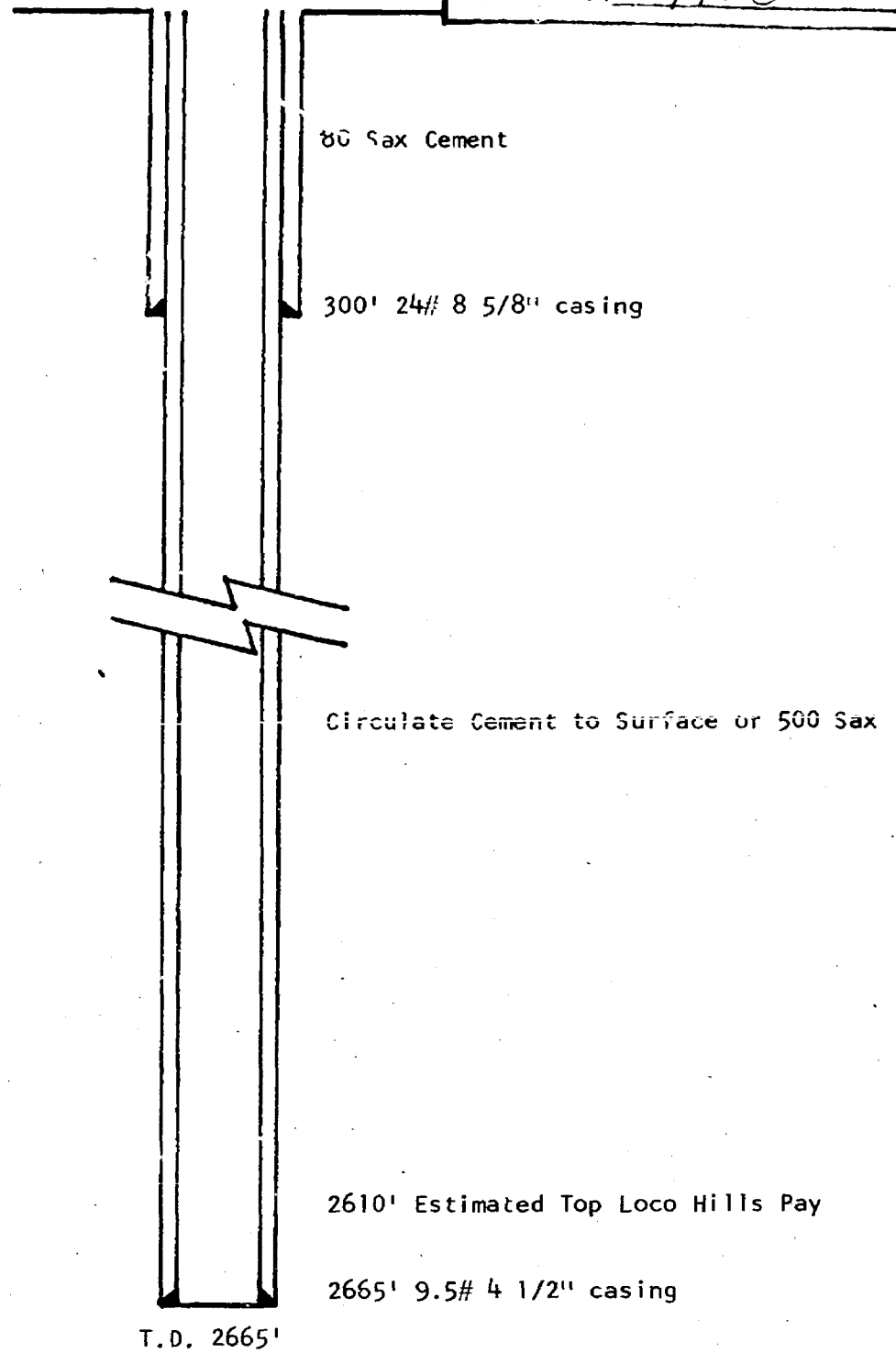
2000 Feet

1/23/73 W.G.

EXHIBIT NO. IV

WEST LOCO HILLS UNIT
WELL NO. 9-3
990' FSL 1310' FEL Section 3
3-18S-29E
EDDY COUNTY, NEW MEXICO

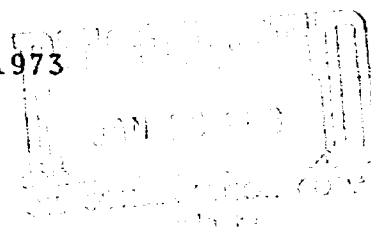
BEFORE EXAMINED NUTTER
OIL CONSERVATION COMMISSION
APPN EXHIBIT NO. <u>4</u>
CASE NO. <u>4903</u>



LAW OFFICES OF
JOHN F. RUSSELL
400 LITTLE BUILDING
P. O. DRAWER 640
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-4641
AREA CODE 505

January 11, 1973



Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

I transmit herewith in triplicate the Application of Newmont Oil Company for an unorthodox producing well location in its West Grayburg No. 4 Sand Waterflood Project.

It is requested that this case be set for hearing before an Examiner at the February 14th hearing.

Respectfully,

John F. Russell
John F. Russell

JFR:mg

Enclosures

DOCKET MAILED

Date 2-1-73

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
NEWMONT OIL COMPANY FOR AN ORDER)
AUTHORIZING THE DRILLING OF A PRO-)
DUCTION WELL AT AN UNORTHODOX LOC-)
ATION BEING 990 FEET FROM THE SOUTH)
LINE AND 1310 FEET FROM THE EAST)
LINE OF SECTION 3, TOWNSHIP 18 SOUTH,)
RANGE 29 EAST, IN THE WEST GRAYBURG)
NO. 4 SAND UNIT WATERFLOOD PROJECT)
IN THE LOCO HILLS POOL IN EDDY COUNTY,)
NEW MEXICO.)

No. 4903

APPLICATION

COMES NOW Applicant, Newmont Oil Company, by its attorney,
John F. Russell, and states:

1. Applicant is the operator of its West Grayburg No. 4
Sand Waterflood Project in the Loco Hills Pool, Eddy County,
New Mexico, authorized by Order R-2178-C, entered in Case No.
2805 as amended by Order No. 3204, entered in Case No. 3534.

2. Applicant seeks to drill one production well to be
located at unorthodox location as follows:

(a) 990 feet from the South line and 1310 feet from
the East line of Section 3, Township 18 South, Range 29 East,
Eddy County, New Mexico.

3. That the proposed non-standard location is necessary
to complete an efficient water injection and oil production
pattern.

4. That the proposed non-standard location should result
in recovery of otherwise unrecoverable oil, thereby preventing
waste.

5. That the Commission should retain jurisdiction of this case to administratively approve non-standard producing well locations which are not closer than 330 feet to the exterior boundaries of the West Grayburg No. 4 Sand Waterflood Project.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before an Examiner, to publish its notice as provided by law, and after hearing, to issue its order granting the relief prayed for herein.

Respectfully submitted,
NEWMONT OIL COMPANY

BY John F. Russell
P. O. Drawer 640
Roswell, Ne. Mexico 88201

Attorney for Applicant

DATED: January 8, 1973

DRAFT

dr/

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. 4903

Order No. R-4483

APPLICATION OF NEWMONT OIL COMPANY
FOR AN UNORTHODOX LOCATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 14, 1973
at Santa Fe, New Mexico, before Examiner Daniel S. Mutter

NOW, on this _____ day of February, 1973, 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, Newmont Oil Company, seeks
authority to drill a producing oil well at an unorthodox location
990 feet from the South line and 1310 feet from the East line
of Section 3, Township 18 South, Range 29 East, Loco Hills Pool,
Eddy County, New Mexico.

(3) That the proposed unorthodox location is necessary to complete an efficient oil producing pattern.

(4) That approval of the aforesaid unorthodox location will afford the applicant the opportunity to produce its just and equitable share of the oil in the Loco Hills Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Newmont Oil Company, is hereby authorized to drill a producing oil well at an unorthodox location 990 feet from the South line and 1310 feet from the East line of Section 3, Township 18 South, Range 29 East, NMPM, Loco Hills Pool, Eddy County, New Mexico.

(2) 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.

(5) That the applicant further seeks the establishment of an administrative procedure whereby additional producing and injection wells could be drilled ~~within the~~ at unorthodox locations within the boundaries of the West Loco Hills Grayburg No. 4 Sand Unit Area without notice and hearing.

(6) That approval of such an administrative procedure will not cause waste nor impair correlative rights provided no unorthodox location nearer than 330 feet to the outer boundary of the unit area is approved without notice and hearing.

(2) That the Secretary-Director of the Commission may approve such additional producing and injection wells at orthodox and unorthodox locations within the West Loco Hills Grayburg No. 4 Sand Unit Area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to the outer boundary of said unit area nor closer than ten feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with the provisions of Rule 701-B of the Commission's Rules and Regulations.