

EXHIBIT 3

General American Oil Company of Texas  
Keely C No. 25

660' from South line and 1980' from East line of Section 25, Township  
17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

Present Status: T.D. 3428', P.B. 3270'. 8 5/8" at 514' with 50 sacks.  
7" at 3170' with 125 sacks.

Geologic Tops: Elevation - 3582'  
Top Salt - 465' (Drlr.)  
Base Salt - 920' (Drlr.)  
Top Queen - 2098' (Smpls.)  
Top Grayburg - 2458' (Smpls.)  
Top San Andres - 2929' (Smpls.)

Proposed Conversion Program: We propose to clean out to P.B. depth 3270',  
run internally plastic-coated tubing, with hookwall packer  
and hydraulic anchor on bottom, to approximately 3130' fill  
annulus with crude oil containing corrosion inhibitor and  
commence injection into Grayburg Zone of San Andres. Water  
for injection will be furnished from General American Water-  
flood plant approximately 1 mile southeast of Keely C No. 25.  
Injection volumes are expected to be from 500 to 1000 barrels  
per day.

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. 2640  
Order No. R-2324

APPLICATION OF GENERAL AMERICAN OIL  
COMPANY OF TEXAS FOR APPROVAL OF 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 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, General American Oil Company of Texas, is the operator of Section 25, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That the applicant requests approval of a pilot waterflood project in the Grayburg zone of the San Andres formation, Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water into its Keely "C" Well No. 25, located in Unit O, Section 25, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(4) That the wells in the proposed project area are in an advanced stage of depletion and should be classified as "stripper" wells.

(5) That approval of the subject application should increase ultimate recovery of oil which otherwise might not be recovered, and will neither cause waste nor impair correlative rights; provided, however, that unless agreed to by all parties, the transfer

-2-

CASE No. 2640  
Order No. R-2324

of allowables across lease lines where royalty ownership is diverse should not be authorized.

IT IS THEREFORE ORDERED:

(1) That the applicant, General American Oil Company of Texas, is hereby authorized to institute a pilot waterflood project in the Grayburg-Jackson Pool by the injection of water into the Grayburg zone of the San Andres formation through its Keely "C" Well No. 25, located in Unit O, Section 25, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That the waterflood project shall be governed by Rule 701 including the allowable provisions thereof.

PROVIDED HOWEVER, That unless otherwise agreed to by all parties and evidence thereof furnished the Commission, the transfer of allowables within the project area of this waterflood shall be authorized only insofar as the transfer is made between wells having common royalty ownership.

(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



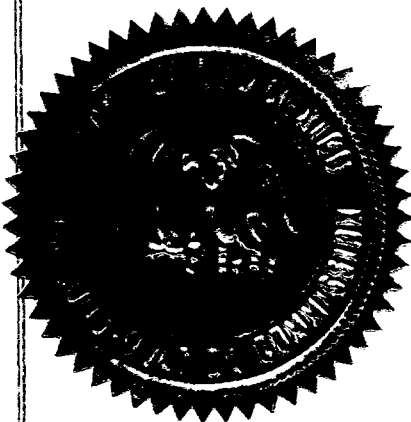
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/