

**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. 2239  
Order No. R-1971**

**APPLICATION OF AMBASSADOR OIL  
CORPORATION FOR PERMISSION TO  
INSTITUTE A WATERFLOOD PROJECT  
IN THE LOCO HILLS POOL, EDDY  
COUNTY, NEW MEXICO, AND FOR  
SPECIAL ALLOWABLES IN CONNEC-  
TION THEREWITH.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on April 5, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 11th day of May, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, is the owner and operator of Federal Lease LC 028936 (d), comprising in pertinent part the NW/4 and the W/2 SE/4 of Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) That a portion of said lease directly offsets certain leases in the Loco Hills Pool upon which Newmont Oil Corporation is presently conducting waterflood operations.

(4) That in the interest of increasing ultimate recovery and of producing oil which otherwise might not be recovered, applicant seeks authority to institute a waterflood project on the above-described lease by the injection of water into the Loco Hills Sand, which occurs in this area at a depth of

-2-

CASE No. 2239  
Order No. R-1971

approximately 2800 feet below the surface, into the following wells which would be converted from producing wells:

Federal "M" No. 1, located  
330 feet from the South  
line and 2310 feet from the  
East line,

Federal "L" No. 1, located  
2310 feet from the North  
line and 2310 feet from the  
West line,

all in Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, and into the following wells which would be drilled:

Federal "L" No. 5, located  
at an unorthodox location  
1650 feet from the North  
line and 2665 feet from the  
East line,

Federal "M" No. 6, located  
1650 feet from the South  
line and 1650 feet from the  
East line,

all in Section 31, Township 17 South, Range 30 East.

(5) That inasmuch as the Newmont Oil Corporation's waterflood is of the "capacity allowable" type with relatively high injection rates, applicant in this case proposes to inject at equivalent rates and requests special allowables for its producing wells.

(6) That the applicant should be permitted to institute a waterflood in the Loco Hills Sand of the Loco Hills Pool, Eddy County, New Mexico, by the injection of water into the wells described in Finding No. 4 above, and that a buffer zone should be established wherein water can be injected and wells produced at rates comparable to those in the Newmont Waterflood Project.

(7) That said buffer zone should include the following-described acreage:

SECTION 31, TOWNSHIP 17 SOUTH, RANGE 30 EAST  
E/2 NW/4 SE/4, SW/4 NW/4 SE/4, SW/4 SE/4

(8) That all producing wells located outside the above-described buffer zone should be operated and produced in accordance with the allowable provisions of Rule 701 of the Commission's

-3-

CASE No. 2239  
Order No. R-1971

Rules and Regulations, the project area being limited to that portion of the subject lease which is not included in the buffer zone.

(9) That production from wells outside the buffer zone should be tanked separately from production from wells inside the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ambassador Oil Corporation, is hereby authorized to institute a waterflood in the Loco Hills Pool on its Federal Lease LC 028936 (d), comprising in pertinent part the NW/4 and the W/2 SE/4 of Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, by the injection of water into the following-described wells to be converted from producing wells:

Federal "M" No. 1, located  
330 feet from the South  
line and 2310 feet from the  
East line,

Federal "L" No. 1, located  
2310 feet from the North  
line and 2310 feet from the  
West line,

all in Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, and into the following wells to be drilled:

Federal "L" No. 5, located  
at an unorthodox location  
1650 feet from the North  
line and 2665 feet from the  
East line,

Federal "M" No. 6, located  
1650 feet from the South  
line and 1650 feet from the  
East line,

all in Section 31, Township 17 South, Range 30 East.

(2) That the following-described buffer zone is hereby established wherein water can be injected and wells produced at rates comparable with those in the Newmont Waterflood Project:

SECTION 31, TOWNSHIP 17 SOUTH, RANGE 30 EAST  
E/2 NW/4 SE/4, SW/4 NW/4 SE/4, SW/4 SE/4

-4-

CASE No. 2239  
Order No. R-1971

(3) That all producing wells located outside the above-described buffer zone shall be operated and produced in accordance with the allowable provisions of Rule 701 of the Commission's Rules and Regulations, the project area being limited to that portion of the subject lease which is not included in the buffer zone.

(4) That production from wells outside the buffer zone shall be tanked separately from production from wells inside the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

(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



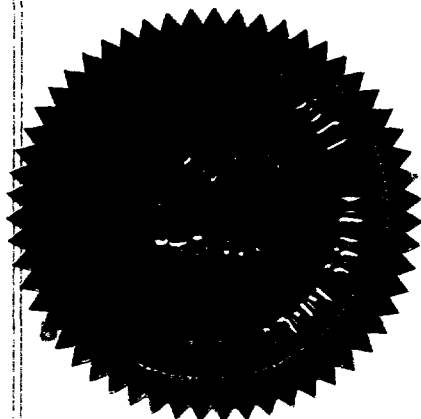
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/