

**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. 2520
Order No. R-2178-A**

**APPLICATION OF NEWMONT OIL COMPANY
FOR AN AMENDMENT OF ORDER NO. R-2178,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 10, 1962, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 26th day of April, 1962, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 by Order No. R-2178, entered in Case No. 2473 on January 30, 1962, the Commission authorized Newmont Oil Company to institute a waterflood in the Loco Hills Pool within the West Loco Hills Grayburg No. 4 Sand Unit Area in Eddy County, New Mexico. Said order provided that Rule 701-E of the Commission's Rules and Regulations governed the determination of the project area and of the project allowable, and established a buffer zone within which wells could be produced at unrestricted rates.

(3) That Newmont Oil Company seeks an amendment of said Order No. R-2178 to provide for an exception to Rule 701-E to define the waterflood project area of the West Loco Hills Grayburg No. 4 Sand Unit as comprising all developed proration units in said unit area whether or not the units are offset by injection wells, and to assign to said project area the maximum allowable authorized by Rule 701-E, said allowable to be produced from any well or wells in the unit area. As an alternative, approval is requested of an allowable equal to the maximum allowable authorized by Rule 701-E for all wells in the unit area, to be produced from any well or wells therein.

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(4) That in Case No. 1787, Order No. R-1525, by which Rule 701 was promulgated, the Commission determined that reasonable curtailment of production in waterflood projects does not result in a loss of ultimate recovery. Said determination was made only after full consideration of the varying reservoir conditions encountered in the oil pools of New Mexico.

(5) That the applicant in this case failed to prove that the Loco Hills Pool is sufficiently different from other oil pools in New Mexico to justify an exception to Rule 701.

(6) That the applicant failed to prove that waste would be caused or that correlative rights would be violated by operating the subject waterflood project under the provisions of Rule 701 and pursuant to Order No. R-2178.

(7) That the application should be denied.

IT IS THEREFORE ORDERED:

That the application of Newmont Oil Company for an amendment of Order No. R-2178 is hereby denied.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Mechem

EDWIN L. MECHEM, Chairman

A. L. Porter, Jr.

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