

Entered February 19, 1982
JEP

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7448
Order No. R-5353-I

APPLICATION OF ENERGY RESERVES
GROUP, INC. FOR CREATION OF A NEW
ASSOCIATED POOL AND SPECIAL POOL
RULES, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 3, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 19th day of February, 1982, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Energy Reserves Group, Inc., seeks the creation of a new associated pool to be designated the South Peterson-Pennsylvanian Associated Pool, comprising the NW/4 of Section 30, Township 5 South, Range 33 East, the S/2 of Section 11, the S/2 of Section 12, and the N/2 of Section 13, Township 6 South, Range 33 East.

(3) That the applicant further seeks the establishment of special pool rules for said South Peterson-Pennsylvanian Associated Pool including 40-acre spacing units for oil wells and 320-acre spacing units for gas wells and a 4000 to one gas-oil ratio limitation.

(4) That the proposed pool creation is in fact a reclassification of the existing South Peterson-Pennsylvanian (oil) Pool as an associated pool.

(5) That the evidence presently available indicates that said South Peterson-Pennsylvanian Pool should be reclassified as an associated pool.

(6) That the evidence available at the time of the hearing indicates that said South Peterson-Pennsylvanian Associated Pool may be efficiently and economically developed by oil wells on 40-acre spacing and proration units and by gas wells on 320-acre spacing and proration units.

(7) That the South Peterson-Pennsylvanian Pool as heretofore defined and described in Roosevelt County, New Mexico, should be expanded to include the following described acreage:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 30: NW/4

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 11: S/2
Section 12: S/2
Section 13: N/2

(8) That the proposed South Peterson-Pennsylvanian Associated Pool may be produced at a limiting gas-oil ratio of 4,000 to one without waste and such limitation should be adopted.

(9) That the effective date of this order and of the pool extension, pool reclassification, and special pool rules contained herein should be December 1, 1981.

(10) That approval of the subject application will prevent waste and will not cause violation of correlative rights.

IT IS THEREFORE ORDERED:

(1) That effective December 1, 1981, the South Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, is hereby reclassified as an associated pool and redesignated the South Peterson-Pennsylvanian Associated Pool.

(2) That said South Peterson-Pennsylvanian Associated Pool shall be governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico, promulgated by Order No. R-5353, insofar as said General Rules and Regulations are not inconsistent with the Special Rules and Regulations for the subject pool as hereinafter set forth, in which event the Special Rules shall apply.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH PETERSON-PENNSYLVANIAN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 320 acres.

RULE 6. That the limiting gas-oil ratio shall be 4,000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED:

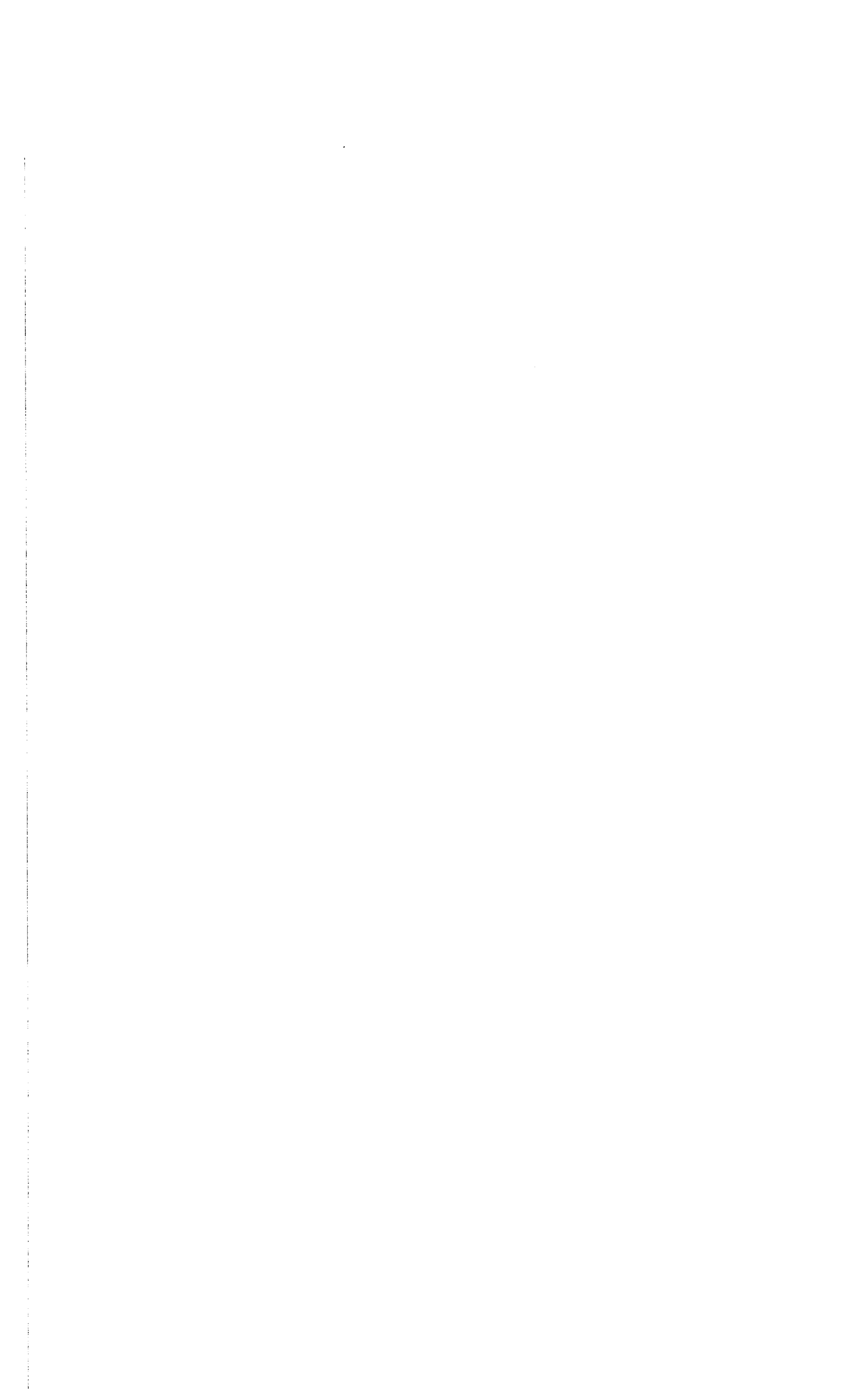
(1) That the locations of all wells presently drilling to or completed in the South Peterson-Pennsylvanian Associated Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before April 1, 1982.

(2) That, pursuant to Paragraph A. of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws 1969, Chapter 271, existing oil wells in the South Peterson-Pennsylvanian Associated Pool shall have dedicated thereto 40 acres and existing gas wells shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating the appropriate acreage to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Peterson-Pennsylvanian Associated Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than an 40-acre allowable for the pool.

(3) That the South Peterson-Pennsylvanian Associated Pool as heretofore defined and described in Roosevelt County, New Mexico, is hereby expanded to include the following described acreage:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 30: NW/4



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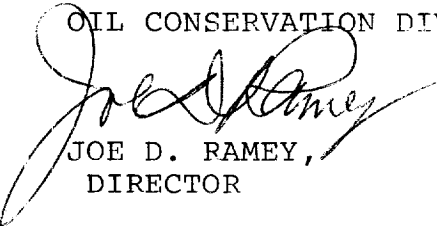
TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 11: S/2
Section 12: S/2
Section 13: N/2

(4) That the effective date of this Order and of the pool reclassification, special pool rules and pool extension included herein shall be December 1, 1981.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
DIRECTOR

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