

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 9674
Order No. R-5353-J

APPLICATION OF TEXACO PRODUCING,
INC. FOR POOL RECLASSIFICATION,
TO RESCIND DIVISION ORDER NO.
R-2439, AS AMENDED, AND TO AMEND
DIVISION ORDER NO. R-5353, AS
AMENDED, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 24, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of June, 1989, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) By Order No. R-2439, as amended, dated February 28, 1963, the Division, upon the application of Skelly Oil Company, created, defined, and promulgated special rules and regulations for the West Jal-Strawn Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing and proration units and designated well locations.
- (3) The applicant, Texaco Producing, Inc., seeks reclassification of the West Jal-Strawn Gas Pool as an associated pool by rescinding said Order No. R-2439, as amended, and replacing the special rules and regulations for said pool with the General Rules and Regulations for

Case No. 9674
Order No. R-5353-J

Associated Pools in Southeast New Mexico, as promulgated by Division Order No. R-5353, as amended, including a provision for 40-acre oil and 320-acre gas spacing and proration units.

(4) The horizontal limits of the West Jal-Strawn Gas Pool currently comprise all of Sections 8, 17, and 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.

(5) Division records and evidence presented in this case indicate that, to date, there have been three wells produced from the subject pool, these being the West Jal "B" Well No. 1 located in Unit J of said Section 17 which produced from the subject pool from approximately 1964 through 1975 and is currently plugged and abandoned; the West Jal Unit Well No. 1 located in Unit H of said Section 20 which produced from the subject pool from approximately 1963 through 1972 and is also currently plugged and abandoned; and the C. Elliot Federal Well No. 1 located in Unit J of said Section 8 which has produced from the subject pool from approximately 1965 to the present.

(6) The evidence presented indicates that the C. Elliot Federal Well No. 1 has consistently produced at a gas-oil ratio of less than 10,000 cubic feet of gas per barrel of oil while the West Jal "B" Well No. 1 and the West Jal Unit Well No. 1 have consistently produced at a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

(7) The applicant also presented engineering data which indicates that the West Jal "B" Well No. 1 and the West Jal Unit Well No. 1 have drained an area considerably less than 640 acres.

(8) Testimony by the applicant indicates that the proposed pool reclassification will also allow the continued development of the subject pool which may result in the recovery of a substantial amount of additional reserves, thereby preventing waste.

(9) At the present time, Texaco Producing, Inc. is the only operator in the subject pool, and no other operator appeared at the hearing in opposition to the application.

(10) The evidence presented in this case indicates that the West Jal-Strawn Gas Pool should be reclassified as an associated pool.

-3-

Case No. 9674
Order No. R-5353-J

(11) Division Order No. R-2439, as amended, should be rescinded.

(12) The evidence further indicates that the West Jal-Strawn 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.

(13) Approval of the subject application will prevent waste by allowing the continued development of the subject pool and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The West Jal-Strawn Gas Pool, presently comprising Sections 8, 17, and 20 of Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby reclassified as an associated pool and redesignated the West Jal-Strawn Associated Pool.

(2) The West Jal-Strawn Associated Pool shall be governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico, as 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
WEST JAL-STRAWN ASSOCIATED POOL

RULE 2. A standard oil proration unit shall consist of 40 acres. A standard gas proration unit shall consist of 320 acres.

IT IS FURTHER ORDERED THAT:

(3) The locations of all wells presently drilling to or completed in the West Jal-Strawn Associated Pool or in the Strawn formation within one mile thereof are hereby approved; 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 within 30 days from the date of this order.

-4-

Case No. 9674
Order No. R-5353-J

(4) Pursuant to Paragraph A. of Section 70-2-18, N.M.S.A. 1987 Comp., contained in Laws of 1969, Chapter 271, existing oil wells in the West Jal-Strawn 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.

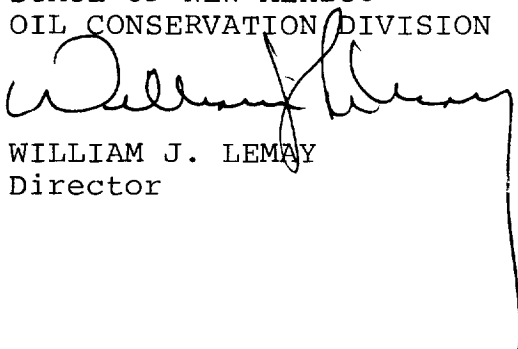
Failure to file new Forms C-102 with the Division dedicating the appropriate acreage to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and,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

(5) Division Order No. R-2439, as amended, is hereby rescinded.

(6) 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


WILLIAM J. LEMAY
Director

S E A L

fd/