



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 1, 2004

Pride Energy Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Case 13390

RE: *Administrative application (Division reference No. pSEM0-428850186) filed with the Division on October 13, 2004 for location exceptions to the rules and regulations currently governing both the Four Lakes-Devonian Gas Pool (76920) and the Four Lakes-Upper Pennsylvanian Pool (25460) for Pride Energy Company's proposed South Four Lakes Unit Well No. 15 to be drilled 2380 feet from the North line and 2230 feet from the East line (Unit G) of Section 2, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico.*

Dear Mr. Bruce:

I have reviewed your application filed with the Division on October 13, 2004 and pursuant to **Rules 2 and 4** of the "*Special Rules and Regulations for the Four Lakes-(Upper) Pennsylvanian Gas Pool*," as promulgated by Division Order No. R-2326, issued in Case No. 2632 on October 23, 1962, the Division cannot process your request administratively.

Rule 2 states: "*Each well completed or recompleted in the Four Lakes-[Upper] Pennsylvanian Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.*"

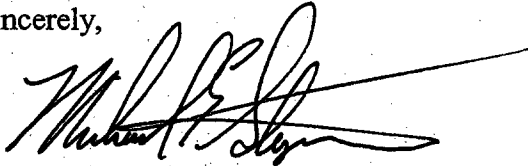
Rule 4 states: "*The initial well on any 80-acre unit in [the Four Lakes-Upper Pennsylvanian Pool] shall be located within 150 feet of the center of either quarter-quarter section or lot in the 80-acre unit. Any subsequent additional well on the 80-acre unit shall be located within 150 feet of the center of the other quarter-quarter section or lot in the unit.*"

Pride's proposed infill Upper Pennsylvanian oil well in the S/2 NE/4 of Section 2, an established 80-acre oil spacing and proration unit, is within the same quarter-quarter section as its existing South Four Lakes Unit Well No. 2 (API No. 30-025-01832) located at a standard oil well location 1980 feet from the North and East lines (Unit G) of Section 2; therefore, this application will be set for hearing before a Division Hearing Examiner on the next available docket scheduled for December 2, 2004. In order to expatiate this matter I have prepared the following advertisement in this matter:

"Application of Pride Energy Company for an unorthodox location and for simultaneous dedication, Lea County, New Mexico. Applicant seeks exceptions to the well location requirements provided within both: (i) Four Lakes-Devonian Gas Pool (76920), which is currently governed under Division Rule 104.c (3), see the Division Director's memorandum dated October 25, 1999 concerning older deep gas pools still spaced on 160-acre units; and (ii) Four Lakes-Upper Pennsylvanian Pool (25460): for its proposed South Four Lakes Unit Well No. 15 to be drilled 2380 feet from the North line and 2230 feet from the East line (Unit G) of Section 2, Township 12 South, Range 34 East. This well is to be a replacement gas well within a previously existing 160.14-acre spacing unit in the Four Lakes-Devonian Gas Pool comprising Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 2. Further, this well will be an infill well to the existing 80-acre lay-down oil spacing and proration unit comprising the S/2 NE/4 of section 2, which is currently dedicated to the applicant's existing South Four Lakes Unit Well No. 2 (API No. 30-025-01832), located at a standard oil well location 1980 feet from the North and East lines (Unit G) of Section 2. The proposed well and units are located approximately 10 miles west-northwest of Tatum, New Mexico.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
Ms. Florene Davidson, Staff Specialist – NMOCD, Santa Fe

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Case 13390

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☒ NSP ☒ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☒ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce

Print or Type Name

Signature

Attorney for Applicant

Title

Date

jamesbruc@aol.com

e-mail Address

2004 OCT 13 PM 4 01

10/13/04

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

October 13, 2004

Hand Delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pride Energy Company applies for administrative approval of an unorthodox oil well location for the following well:

<u>Well:</u>	South Four Lakes Unit Well No. 15
<u>Location:</u>	2380 feet FNL & 2230 feet FEL
<u>Well Units:</u>	(a) Lots 1, 2, and S $\frac{1}{2}$ NE $\frac{1}{4}$ (NE $\frac{1}{4}$) of Section 2 (Devonian); and (b) S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 2 (Pennsylvanian)

Township 12 South, Range 34 East, N.M.P.M.,
Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Devonian formation (Four Lakes-Devonian Gas Pool). Pursuant to Commission Order No. R-1371, the pool is spaced on 160 acres, with wells to be located no closer than 660 feet to a quarter section line. A Form C-102 for the well is attached as Exhibit A.

The Devonian well unit comprises 168.14 acres, and applicant requests approval of the non-standard proration unit.

The application is based on geologic reasons. Attached as Exhibit B is a structure map of the Devonian formation, the primary zone of interest. The map is based on well control and seismic data. The proposed well is structurally high, which is necessary for a successful Devonian completion. In addition, it moves away from a well (the South Four Lakes Unit Well No. 2, located 1980 feet FNL & FEL), which produced from the Devonian and is the highest well structurally in the pool. Applicant believes there are undrained

Devonian reserves left in the NE $\frac{1}{4}$ which can be recovered by the proposed well.

The Pennsylvanian zone (Four Lakes-Pennsylvanian Pool) is also prospective in this area. Under Commission Order No. R-2326, the Pennsylvanian is spaced on 80 acres, with wells to be located within 150 feet of the center of a quarter-quarter section. Applicant requests unorthodox location approval in that zone.

In addition, Rule 4 of Order No. R-2326 allows one well in each quarter-quarter section. Approval of this application will result in two Pennsylvanian wells in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2. Applicant requests an exception to Rule 4, and approval of simultaneous dedication with the South Four Lakes Unit Well No. 2.

Attached as Exhibit C is a land plat. All of Section 2 is covered by State Lease E-2064-1, which has common ownership, and which is committed to the South Four Lakes Unit. As a result:

Devonian: Ownership of the acreage offsetting the unorthodox location is common with the NE $\frac{1}{4}$ of Section 2. Because offset owners will share in production from the proposed well, they are not adversely affected, and no one has been notified of the application.

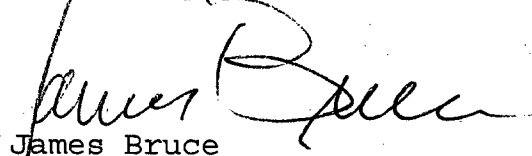
Pennsylvanian: (a) Ownership of the acreage offsetting the unorthodox location is common with the S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 2. Because offset owners will share in production from the proposed well, they are not adversely affected, and no one has been notified of the application;

(b) Applicant is operator of all offsetting leases or well units in the Pennsylvanian. In addition, all offsetting tracts are committed to the South Four Lakes Unit. Therefore, there is no adversely affected person to notify of the Rule 4 exception.

As a result, applicant requests that the 20 day notice period be waived.

Please call me if you need any further information on this matter.

Very truly yours,


James Bruce

Attorney for Pride Energy Company

DISTRICT I

1828 N. French Dr., Hobbs, NM 88240

DISTRICT II

611 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Ariceo, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 8 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name SOUTH FOUR LAKES UNIT	Well Number 15
OGUID No.	Operator Name PRIDE ENERGY COMPANY	Elevation 4142'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	2	12 S	34 E		2380	NORTH	2230	EAST	LEA

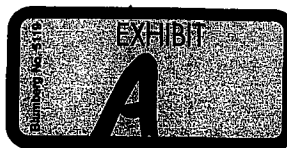
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

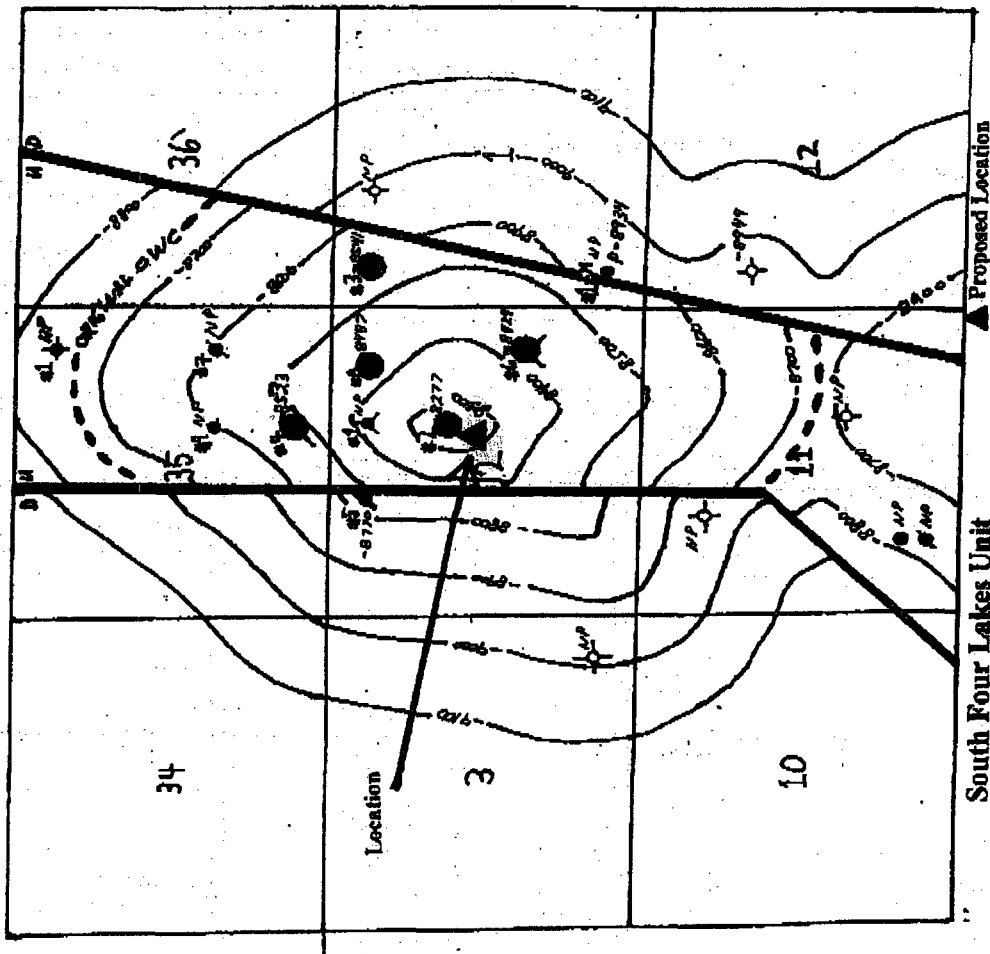
	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature _____ Printed Name _____ Title _____ Date _____
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. SEPTEMBER 13, 2004 Date Surveyed _____ Signature of _____ Professional Surveyor No. 7977 Certificate No. 4845 Surveyor's Name: Gary L. Jones State: NEW MEXICO Basin: BURNETT





T 11 S T 12 S

R 34 E



Proposed Location

South Four Lakes Unit

T11&12S, R34E

Lea Co, NM

● Abandoned Devonian Producers

Devonian Structure Map

CI = 100ft

Scale 1 inch = 2000ft

JE 10/13/2004

