



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

RECEIVED

SEP 10 57

9-26-91

BRUCE KING  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC \_\_\_\_\_
- DHC \_\_\_\_\_
- NSL  \_\_\_\_\_
- NSP  \_\_\_\_\_
- SWD \_\_\_\_\_
- WFX \_\_\_\_\_
- PMX \_\_\_\_\_

Gentlemen:

I have examined the application for the:

Amesuda Gas Corp State PTA # 3-6 2-12 33  
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK JS  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Yours very truly,

Jerry Sexton  
Supervisor, District 1

/ed



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

September 30, 1991

Amerada Hess Corporation  
P.O. Drawer "D"  
Monument, New Mexico 88265

Case 10405

Attention: E.J. Haas  
Sr. Petroleum Engineer

*RE: Administrative Application for an Unorthodox Oil Well Location  
State BT "A" Well No. 3  
1830' FNL - 1980' FEL (Unit G) of Section 2, Township 12 South,  
Range 33 East, NMPM, Bagley - Siluro Devonian Pool, Lea County,  
New Mexico.*

Dear Mr. Haas:

After thorough review of your application dated September 24, 1991 and the regulations applicable in this matter, including Division Order Nos. R-69, R-69-A, R-69-B, R-69-C, R-69-D, and Memorandum 4-86, it is determined that administrative approval cannot be granted. However, in this particular instance where the following facts seem apparent:

- 1) The pool has essentially been developed on 40-acre spacing within this general area;
- 2) the regulations effecting this pool were issued in 1951 and over the years the situation may have changed whereby such stringent procedures for various reasons may no longer be warranted; and,
- 3) the geological and engineering data submitted appears to indicate that the well would recover additional oil which might not otherwise be produced, exhibits good conservation measures, and would prevent waste.

The Division therefore sees no reason why additional testimony should be required, unless, of course, objections are encountered. This application shall therefore be advertised for the October 31, 1991 examiners hearing in the following style:

**"APPLICATION OF AMERADA HESS CORPORATION FOR AN UNORTHODOX OIL WELL LOCATION, LEA COUNTY, NEW MEXICO.**

Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-69-D, which order, in part, promulgated "Special Operating Procedures" for the Bagley Siluro - Denovian Pool. At this time the applicant seeks authorization for an unorthodox oil well location to be drilled 1830 feet from the North line and 1980 feet from the East line (unit G) of Section 2, Township 12 South, Range 33 East, said well go be dedicated to a previously approved 80-acre non-standard oil spacing and proration unit comprising the SW/4 NE/4 and NW/4 SE/4 of said Section 2 (Order No. R-69-D). Said unit is located approximately 9.5 miles southeast by east of Caprock, New Mexico.

**IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT."**

Amerada Hess will still be required to make proper notice of this hearing pursuant to the provisions of General Rule 1207.

Should you have any questions concerning this matter, please contact me.

Sincerely,



MICHAEL E. STOGNER  
Chief Hearing Officer/Engineer

MES/jc

cc: Oil Conservation Division - Hobbs  
NMSLO - Santa Fe  
William F. Carr - Santa Fe

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501-2088  
(505) 827-5800

June 2, 1986

MEMORANDUM NO. 4-86

TO: ALL OPERATORS AND INTERESTED PARTIES  
FROM: R. L. STAMETS, DIRECTOR   
SUBJECT: CLARIFICATION OF ADMINISTRATIVE APPROVAL PROCESSES IN CERTAIN  
POOLS WITH SPECIAL RULES

Division Rule 1 provides in part that: "Special rules, regulations and orders have been and will be issued when requested and shall prevail as against General Rules, Regulations and Orders if in conflict therewith. However, whenever these General Rules do not conflict with special rules heretofore or hereafter adopted, these General Rules shall apply."

Over the years, many special pool rules have been written. Many of these contained special rules providing for administrative exceptions to such matters as location requirements or spacing unit size while others did not. One prevailing opinion is that the intent of those special rules without administrative exception provisions was to preclude such exceptions. The counter opinion is that when read with Rule 1, if nothing is said, then the administrative exception provisions in the General Rules shall apply.

Notice is hereby provided that it is henceforth to be Division policy to utilize the administrative exceptions or approval procedures of the General Rules when special pool rules are silent as to such exceptions. This policy will save both the Division and operators the cost of unnecessary hearings.

Any person who is aware of any pool with special rules which should preclude any of the administrative exceptions or approvals provided in the General Rules should notify this office of such situation at the earliest possible date providing the reasoning for precluding administrative exceptions. Thereafter, we would suspend this policy for such pool and schedule a case to modify such special rules to incorporate the necessary prohibitions.

RLS:dp

LLEGIBLE

State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**  
Santa Fe, New Mexico 87505



**BRUCE KING**  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

MATTHEW BACA  
DEPUTY SECRETARY

January 16, 1992

Mr. E. J. Haas  
Amerada Hess Corporation  
P. O. Drawer D  
Monument, New Mexico 88265

RE: CASE NO. 10405  
ORDER NO. R-9624

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM Carlsbad Office

**VILLAGRA BUILDING - 408 Galisteo**

Forestry and Resources Conservation Division  
P.O. Box 1948 87504-1948  
827-5830

Park and Recreation Division  
P.O. Box 1147 87504-1147  
827-7465

**2040 South Pacheco**

Office of the Secretary  
827-5950

Administrative Services  
827-5925

Energy Conservation & Management  
827-5900

Mining and Minerals  
827-5970

**LAND OFFICE BUILDING - 310 Old Santa Fe Trail**

Oil Conservation Division  
P.O. Box 2088 87504-2088  
827-5800