



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

December 8, 1992

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

Meridian Oil, Inc.
P.O. Box 51810
Midland, TX 79710-1810

Attention: C. Kurt Stropeli

RE: Application for a non-standard 160-acre gas spacing and proration unit comprising the E/2 E/2 of Section 7, Township 26 South, Range 37 East, NMPM, Undesignated Rhodes Yates-Seven Rivers Gas Pool, Lea County, New Mexico.

Dear Mr. Stropeli:

I am unable to process the subject application administratively under General Rule 104.D(2). The only means to authorize your request as stated is through the notice and hearing procedures as provided in General Rule 1207.

Should you wish to proceed in this manner, please contact me by letter so that your request can be docketed for a hearing.

Should you have any questions concerning this matter, please contact me at (505) 827-5811.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", with a long horizontal line extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

cc: Oil Conservation Division - Hobbs

MERIDIAN OIL

OIL CONSERVATION DIVISION
RECEIVED

'92 DE '22 AM 8 57

December 17, 1992

Mr. Michael E. Stogner
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504

Case 10659

RE: APPLICATION FOR A NON-STANDARD 160-ACRE GAS SPACING
AND PRORATION UNIT COMPRISING THE E/2 E/2 OF SECTION
7, TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM, UNDESIGNATED
RHODES YATES-SEVEN RIVERS GAS POOL, LEA COUNTY, NEW MEXICO

Mr. Stogner:

Please find enclosed the Waiver from the Offsetting Operator on the
above application. Meridian Oil Inc. respectfully requests approval
as soon as possible.

Should you need additional information, please contact me at 915-688-6943.

Sincerely,



Donna J. Williams
Production Assistant

xc: Well File
D. McBee
Land Dept.
Joint Interest
Reservoir Eng.
Production Eng.
Geologist
OCD - Hobbs, New Mexico
Hobbs Field Office
Production Services - Richard Atchley
Becky Kidd - Houston Corp.
Regulatory Copy

RICHARD P. REEVE
OIL & GAS PROPERTIES
P. O. BOX 9938
MIDLAND, TEXAS 79708
(915) 684-7222

17 November 1992

TO: Tom Olle
Meridian Oil
Midland, Texas

RE: Notification of your intent to drill a non-standard proration unit. Location of drill site being the NE/4 NE/4 Section 7, Township 26 South, Range 37 East, Lea County New Mexico. Unit designation: E/2 E/2 or 160 acres of the same section.

Mr. Olle,

We have been notified of your intent to drill the above described well with a non-standard proration unit.

We have no objection to this. Please contact us if you have further questions.

Very truly yours,

BRUCE A. WILBANKS COMPANY


Richard P. Reeve


BY: Bruce A. Wilbanks, President

MERIDIAN OIL

OIL CONSERVATION DIVISION
RECEIVED

'92 NOV 16 AM 9 15

November 11, 1992

Mr. Michael Stogner
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

RE: NON-STANDARD GAS UNIT
FARNSWORTH "B" FEDERAL NO.1
990' FNL & 660' FEL
UNIT LETTER A, SEC. 7, T-26-S, R-37-E
RHODES YATES-SEVEN RIVERS GAS FIELD
LEA COUNTY, NEW MEXICO
LC-056927-B

*Set for
hearing Nov 12
above memorandum
w/ [unclear]
11/17/92
Case 10669*

Dear Mr. Stogner:

Meridian Oil Inc. requests administrative approval for a non-standard gas unit for the captioned proposed well. The lease description and the Rhodes-Yates-Seven Rivers gas unit description is the E 1/2 of the E 1/2 of section 7, T-26-S, R-37-E, Lea County, NMPA. A letter asking for waiver of objection, together with a copy of this application is being hand-carried to the offsetting operator.

Sincerely,

C. Kurt Stropoli

C. Kurt Stropoli
Production Assistant

cc: Well File
Don McBee
Tom O'Donnell
Land (2)
Joint Interest
Reservoir Engineer
Production Engineer
Geologist
Field Office-Kermit
Richard Atchley
OCD-Hobbs
Houston Corporate-Gas Contract Admin. & Regulatory Compliance
Regulatory File

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artema, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

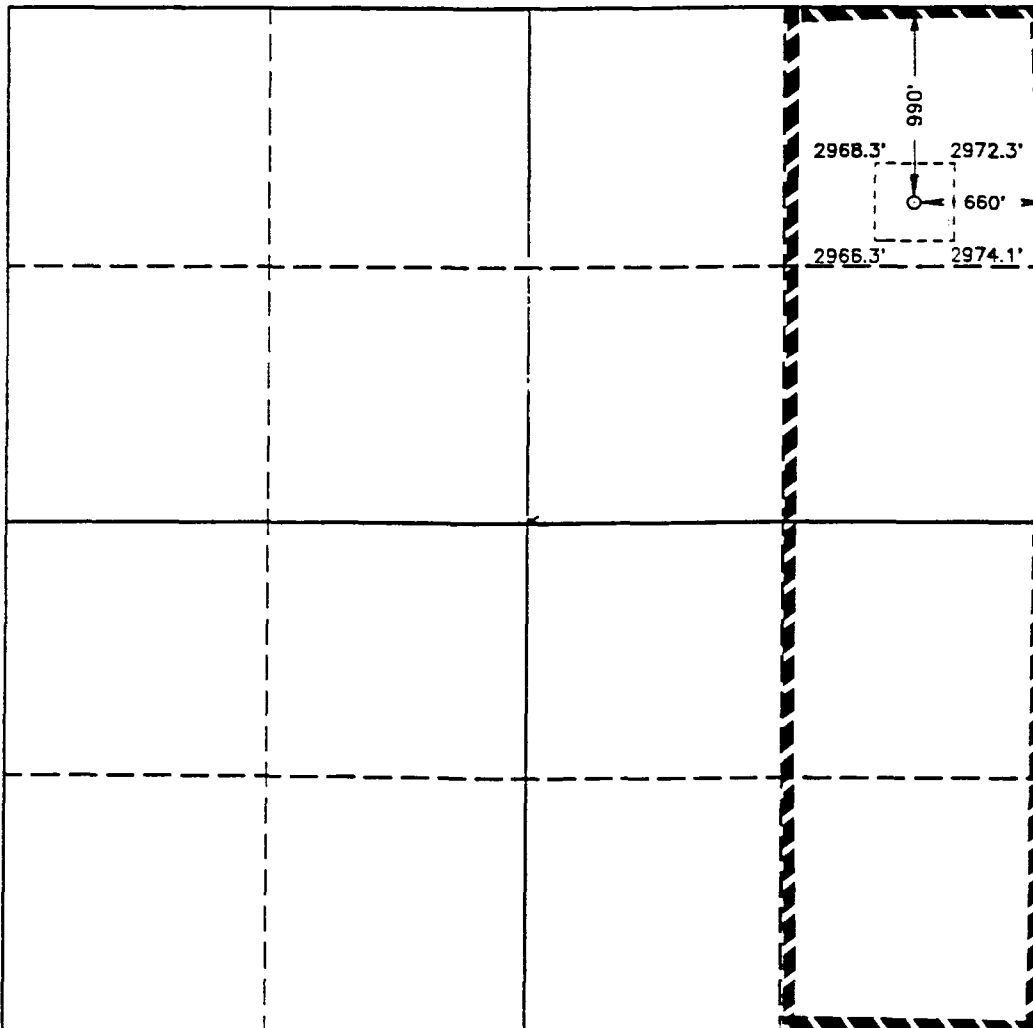
All Distances must be from the outer boundaries of the section

Operator MERIDIAN OIL INC.			Lease FARNSWORTH "B" FEDERAL		Well No. 1
Unit Letter A	Section 7	Township 26 SOUTH	Range 37 EAST	NMPM	County LEA
Actual Footage Location of Well: 990 feet from the NORTH line and 660 feet from the EAST line					
Ground Level Elev. 2969.7'	Producing Formation YATES-SEVEN RIVERS	Pool RHODES YATES-SEVEN RIVERS GAS	Dedicated Acreage: 160 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)

No allowable will be assigned to the well unit all interests have been consolidated (by communization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

C. Kurt Stropol
Signature

C. KURT STROPOL
Printed Name

PRODUCTION ASSISTANT
Position

MERIDIAN OIL INC.
Company

11/11/92
Date



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

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

Case 10659

RE: Proposed:

MC _____
DHC _____
NSL _____
NSP X _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Meridian Oil Inc. Farnsworth B Fed #1-A 7-26-37
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Jerry Sexton
Supervisor, District 1

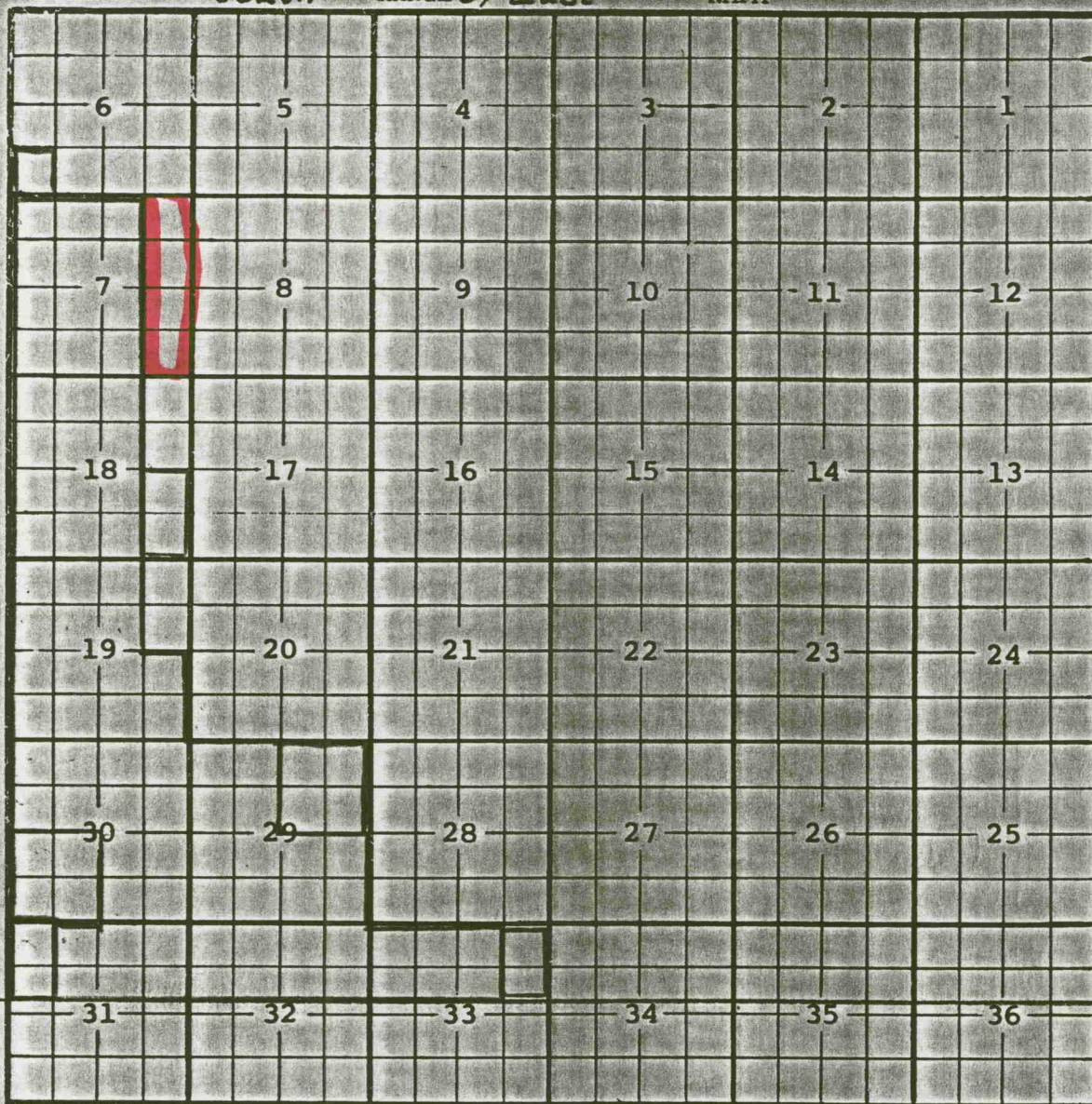
/ed

COUNTY Lea

POOL

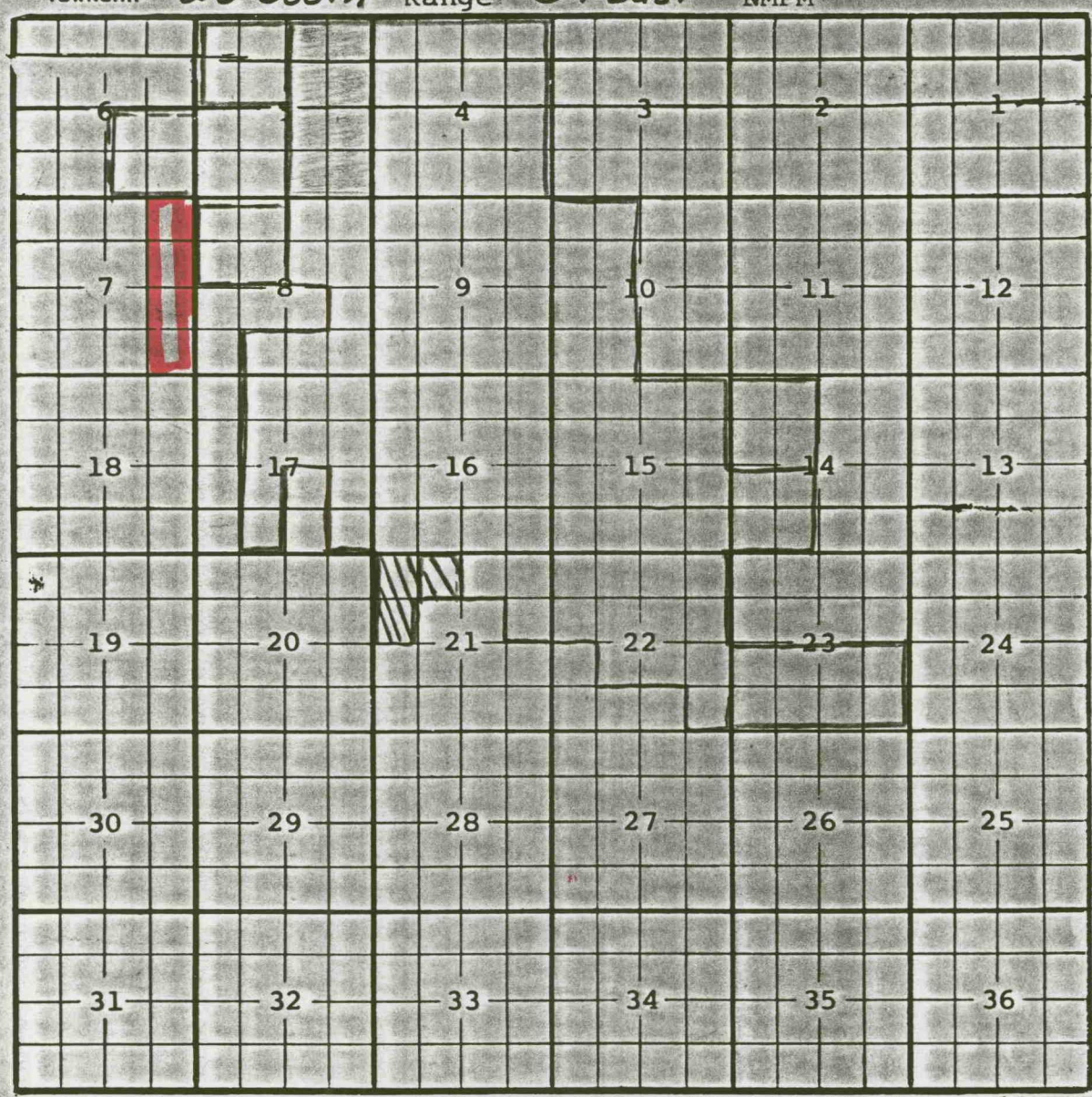
Scarborough Yates-Seven RiversTOWNSHIP 26 SouthRANGE 37 East

NMPM



Description: $\frac{W}{2} \times \frac{W}{2} \times \frac{E}{2}$ Sec. 7; $\frac{W}{2} \times \frac{W}{2} \times \frac{E}{2}$ Sec. 18; $\frac{NW}{4}, \frac{W}{2}, \frac{NE}{4}, \frac{S}{2}$ Sec. 19;
 $\frac{W}{2} \times \frac{SE}{4}$ Sec. 29; $\frac{N}{2} \times \frac{SE}{4}$ Sec. 30; $\frac{E}{2} \times \frac{E}{2} \times \frac{W}{2}$ Sec. 31; All Sec. 32; $\frac{W}{2} \times \frac{W}{2} \times \frac{E}{2}$ Sec. 33 (R-2999, 11-23-65)
 Ext: $\frac{SW}{4}$ Sec. 30 (R-3056, 5-1-66) - $\frac{W}{2} \times \frac{W}{2}$ Sec. 31 (R-3182, 2-1-67) EXT: $\frac{SW}{4}$ $\frac{SW}{4}$ sec 6,
 $\frac{NE}{4}$ sec 29 (R-6891, 2-1-82) $\frac{E}{2} \times \frac{SE}{4}$ Sec. 18 (R-7131, 11-30-82)
 Ext: $\frac{E}{2} \times \frac{E}{2}$ Sec. 33 (R-7437, 2-6-84)

County Lea Pool Rhodes-Yates-Seven Rivers Gas
TOWNSHIP 26 South Range 37 East NMPM



Desc: All sec 4, E/2 sec 5, NE/4, E/2 SE/4, SW/4 SE/4, & SE/4 SW/4 sec 8,
All sec 9, W/2 sec 10, SW/4 sec 14, All sec 15, 16, NE/4, E/2 W/2, &
E/2 SE/4 sec 17, N/2 N/2, SE/4 NE/4, & SW/4 NW/4 sec 21, N/2,
N/2 SE/4, SE/4 SE/4, & NE/4 SW/4 sec 22, S/2 sec 23, (R-6891,
2-1-82)

Contract vertical limits from top of Yates formation to a point
in Seven Rivers formation which is 100 feet above the top of the
Queen formation in E/2 Sec. 5 (R-7322, 10-20-83)

Delete NE/4 NW/4 Sec. 21 (R-7554, 6-14-84) Delete W/2 NW/4 Sec. 21 (R-7858, 3-28-85)

Ext: NW/4 Sec. 14 (R-9585, 9-30-91) Ext: NW/4 Sec. 5 (R-9615, 12-3-91)

Ext: NW/4 Sec. 8 (R-9646, 3-11-92) Ext: SW/4 Sec. 5, SE/4 Sec. 6 (R-9723, 9-25-92)

(EAST HIGHTOWER-UPPER PENNSYLVANIAN POOL - Cont'd.)**IT IS FURTHER ORDERED:**

(1) That the locations of all wells presently drilling to or completed in the East Hightower-Upper Pennsylvanian Pool or in the Upper 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 Commission in writing of the name and location of the well on or before December 15, 1965.

(2) That each well presently drilling to or completed in the East Hightower-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in November, 1966, at which time the operators in the subject pool may appear and show cause why the East Hightower-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

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

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

SCARBOROUGH YATES-SEVEN RIVERS POOL
Lea County, New Mexico

Order No. R-2999, Creating and Adopting Operating Rules for the Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, December 1, 1965.

Order No. R-2999 supersedes Order No. R-2947, August 16, 1965, setting the top allowable for Yates formation wells, Jalmat Gas Pool.

Special allowable not subject to market demand factor assigned, Order No. R-4348, September 1, 1972 (see Section I).

In the Matter of the Hearing Called by the Oil Conservation Commission on its own Motion for Creation of the Scarborough Yates-Seven Rivers Pool and for Special Pool Rules, Lea County, New Mexico.

CASE NO. 3316
Order No. R-2999

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on October 6, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 23rd day of November, 1965, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2947, the Commission established a top unit allowable of 128 barrels of oil per day for wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That said allowable was established pending a more definite determination of the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, and the Scarborough Pool in Winkler County, Texas.

(4) That pursuant to the provisions of Order No. R-2947, further studies have been conducted to define the horizontal limits of these pools.

(5) That a new pool should be created in Lea County, New Mexico, and designated the Scarborough Yates-Seven Rivers Pool; that said pool is a separate common source of supply in New Mexico and is a portion of the common source of supply designated the Scarborough Pool in Winkler County, Texas.

(6) That special rules and regulations should be promulgated for the Scarborough Yates-Seven Rivers Pool in order to prevent waste and protect correlative rights.

(7) That oil wells completed in the Scarborough Pool in Winkler County, Texas, receive a per-acre allowable greater than the per-acre allowable that would be assigned under the Commission's General Rules and Regulations to oil wells completed in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico.

(8) That in order to prevent drainage and otherwise prevent waste and protect correlative rights, oil wells completed in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico, should be assigned a monthly allowable equal to the monthly per-acre allowable assigned to oil wells in the Scarborough Pool in Winkler County, Texas.

(9) That in order to afford to the owner of each property in the Scarborough Yates-Seven Rivers Pool the opportunity to produce his just and equitable share of the oil and gas in the pool, and to otherwise prevent waste and protect correlative rights, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil should be established and all wells with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil should be classified as gas wells.

(10) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, 40-acre oil well spacing units and 640-acre gas well spacing units should be established in the subject pool.

IT IS THEREFORE ORDERED:

(1) That a new pool is hereby created and designated the Scarborough Yates-Seven Rivers Pool, with vertical limits extending from the top of the Yates formation to the base of the

**(SCARBOROUGH YATES-SEVEN RIVERS POOL -
Cont'd.)**

Seven Rivers formation, and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO**TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM**

Section 12: E/2

Section 13: E/2

Section 24: E/2

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 7: W/2 and W/2 E/2

Section 18: W/2 and W/2 E/2

Section 19: NW/4, W/2 NE/4, and S/2

Section 29: W/2 and SE/4

Section 30: N/2 and SE/4

Partial Section 31: E/2 and E/2 W/2

Partial Section 32: All

Partial Section 33: W/2 and W/2 E/2

(2) That the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, are hereby contracted to delete the above-described area.

(3) That Special Rules and Regulations are hereby promulgated for the Scarborough Yates-Seven Rivers Pool as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
SCARBOROUGH YATES-SEVEN RIVERS POOL**

RULE 1. Each well completed or recompleted in the Scarborough Yates-Seven Rivers Pool or in the Yates or the Seven Rivers formations within one mile of the Scarborough Yates-Seven Rivers Pool, and not nearer to or within the limits of another designated oil or gas pool comprising the Yates or the Seven Rivers formations, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed as an oil well shall be located on a standard unit comprising 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. Each well completed as a gas well shall be located on a standard unit comprising 640 acres, more or less, consisting of a governmental section.

RULE 4. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning

interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 5. Each well completed as an oil well shall be located no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 6. Each well completed as a gas well shall be located no nearer than 1980 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 7. The Secretary-Director may grant an exception to the requirements of Rule 6 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 8. Each well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil shall be classified as a gas well.

RULE 9. The limiting gas-oil ratio for oil wells shall be 10,000 cubic feet of gas per barrel of oil.

RULE 10. The top allowable for oil wells shall be 128 barrels of oil per day.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Scarborough Yates-Seven Rivers Pool or in the Yates or the Seven Rivers formations within one mile of the Scarborough Yates-Seven Rivers Pool, and not nearer to or within the limits of another designated oil or gas pool comprising the Yates or Seven Rivers formations, are hereby approved; that the operator of any well having an unorthodox location shall notify the Commission's Hobbs District Office in writing of the name and location of the well on or before January 1, 1966.

(2) That Order No. R-2947 is hereby superseded.

(3) That the effective date of this order shall be 7:00 o'clock A.M., December 1, 1965.

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

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