

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

JUL _ 5 1994

IN THE MATTER OF THE APPLICATION OF :
PALOMA RESOURCES, INC. FOR THE :
CONCURRENT AND SIMULTANEOUS DEDICATION :
OF A MORROW GAS PRORATION UNIT OR, :
IN THE ALTERNATIVE, CREATION OF A NEW :
POOL, AND THE ESTABLISHMENT OF NON- :
STANDARD PRORATION UNITS, CHAVES :
COUNTY, NEW MEXICO :

CASE NO. 11020

APPLICATION

COMES NOW Paloma Resources, Inc., by and through its attorneys, Losee, Carson, Haas & Carroll, P. A. (Ernest L. Carroll), and in support of its application, respectfully states:

1. Applicant is the operator of the S/2 of Section 29, Township 15 South, Range 30 East, NMPM, Chaves County, New Mexico, upon which it operates two wells, both drilled and completed within the Morrow formation. These two wells are presently located within the boundaries of Little Lucky Lake Pool.

2. The S/2 of Section 29 was originally dedicated as a Morrow gas proration unit for the Peery Federal #3 Well located 2140' from the West line and 1,820' from the South line in Unit K of said Section 29. This well was completed in the interval between 9,962' and 9,977' below the surface of the ground. The Peery Federal #3 Well has been temporarily shut-in and its proration unit temporarily reassigned to the Peery Federal #2 Well, located 660' from the South line and 1,980' from the East line in Unit O of said Section 29. The Peery Federal #2 Well is completed in the interval between 9,992' and 10,006'.

3. Both wells are classified as Morrow producers, but because of extensive faulting are not in communication with each other. Applicant seeks to simultaneously dedicate both the Peery Federal #2 Well and the Peery Federal #3 Well for concurrent production from the S/2 of Section 29 spacing unit as gas producers.

4. Alternatively, Applicant seeks the creation of a new Morrow gas pool covering the SE/4 of Section 29, and for the creation of a non-standard proration unit for said Peery Federal #2 Well for production from that newly-created pool. In the event that a new pool is created, Applicant would further seek the creation of a non-standard proration unit for the SW/4 of Section 29 for production from the Peery Federal #3 Well.

5. The concurrent and simultaneous dedication of the Peery Federal #2 Well and the Peery Federal #3 Well to the S/2 of Section 29 for production from the Little Lucky Lake Morrow gas pool is feasible in accordance with good conservation practices and will otherwise prevent waste and protect correlative rights.

6. Alternatively, the creation of a new Morrow gas pool covering the SE/4 of Section 29, and the creation of non-standard proration units for both the Peery Federal #3 Well for production from the Little Lucky Lake Morrow gas field and for the Peery Federal #2 Well for production from a new Morrow gas pool in the SE/4 of Section 29 is feasible in accordance with good conservation practices and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests:

A. That this Application be set for hearing before an Examiner and that notice of said hearing be given as required by law;

B. That upon hearing the Division enter its order granting permission to Applicant to concurrently and simultaneously dedicate the Peery Federal #2 Well and the Peery Federal #3 Well to the S/2 of Section 29 for production of gas from the Morrow formation;

C. Alternatively, that upon hearing the Division enter its order creating a new Morrow gas pool covering the SE/4 of Section 29 and for the creation of a non-standard proration unit for the Peery Federal #3 Well for production from the Little Lucky Lake Pool and for the Peery Federal #2 Well for production from the newly created Morrow gas pool; and

D. For such other and further relief as may be just in the premises.

LOSEE, CARSON, HAAS & CARROLL, P.A.

By: 

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