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December 22, 1988

RECEIVED

HAND-DELIVERED

DEC 22 1988

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

OIL CONSERVATION DIVISION

Case 9588

Re: In the Matter of the Application of Sun Exploration and
Production Company for the Institution of Gas
Prorationing and Special Pool Rules for the South Shoe
Bar - Atoka Gas Pool, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed is the Application of Sun Exploration and Production
Company in the above-referenced case. Sun Exploration and
Production Company respectfully requests that this matter be placed
on the docket for the Commission hearings scheduled on January 19,
1989.

Very truly yours,


WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. Charles A. Gray
Sun Exploration and
& Production Company

BEFORE THE OIL CONSERVATION COMMISSION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS
AND NATURAL RESOURCES

APPLICATION OF SUN EXPLORATION AND
PRODUCTION COMPANY FOR THE INSTITUTION
OF GAS PRORATIONING AND SPECIAL POOL
RULES FOR THE SOUTH SHOE BAR -
ATOKA GAS POOL, LEA COUNTY, NEW MEXICO.

RECEIVED
DEC 22 1988
CASE NO. 9588
OIL CONSERVATION DIVISION

APPLICATION

SUN EXPLORATION AND PRODUCTION COMPANY ("SUN") by and through its undersigned attorneys, hereby makes application to the Oil Conservation Commission for an Order (1) instituting gas prorationing in the South Shoe Bar - Atoka Gas Pool, Lea County, New Mexico to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities and (2) establishing special pool rules and regulation for said pool including a provision for the allocation of the allowable production among the wells in the pool on a straight acreage basis and in support thereof states:

1. Sun is the owner and operator of certain acreage within the South Shoe Bar - Atoka Gas Pool.

2. The South Shoe Bar - Atoka Gas Pool was created by the Commission on November 1, 1984 by Order No. R-7714 and has been extended from time to time and now includes the following acreage:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M

- Section 14: W/2
- Section 15: S/2
- Section 22: N/2
- Section 23: NW/4

3. Although wells in this pool drain in excess of 320-acres, the pool is currently developed with five wells which produce from spacing units varying in size from 160-acres to 320-acres.

4. Market demand from this pool is below the combined deliverability of the wells completed in the pool.

5. Current rules for the development and production of this pool do not operate to prevent the drilling of unnecessary wells thereby causing waste nor do these rules, nor the general rules of the Oil Conservation Division, including the ratable take rules, allocate production so as to prevent drainage that cannot be offset by counter drainage, thereby protecting correlative rights.

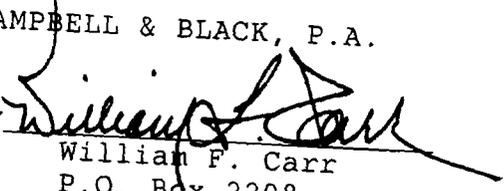
6. To protect the correlative rights of all interest owners in this pool, and to provide for orderly development of this pool in a manner that will avoid the waste that results from the drilling of the unnecessary wells, rules and regulations should be promulgated for the South Shoe Bar - Atoka Gas Pool which include provisions for the allocation of the allowable production among the wells in the pool on a straight acreage basis.

WHEREFORE, Applicant requests that this case be set for hearing before the Oil Conservation Commission on January 19, 1989, and that after notice and hearing as required by law the Commission enter its order instituting gas prorationing in the South Shoe Bar - Atoka Gas Pool and promulgating special pool rules and regulations for this pool, including a provision for the allocation of the allowable production among the wells in the pool on a straight acreage basis.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

BY



William F. Carr
P.O. Box 2208
Santa Fe, NM 87504-2208
(505) 988-4421

ATTORNEY FOR SUN EXPLORATION
AND PRODUCTION COMPANY

CAMPBELL & BLACK, P.A.
LAWYERS

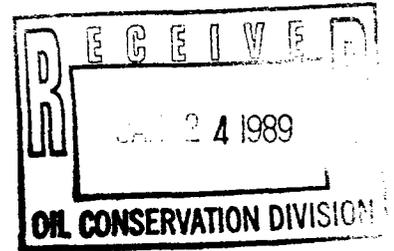
JACK M. CAMPBELL
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January 24, 1989

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503



Re: Oil Conservation Commission Case No. 9588
In the Matter of the Application of Sun Exploration and
Production Company for Contraction of the North Vacuum-
Atoka-Morrow Gas Pool, Extension of the South Shoe Bar -
Atoka Gas Pool and the Promulgation of Special Pool Rules
for the South Shoe Bar - Atoka Gas Pool to Institute Gas
Prorationing, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed is an Amended Application for Sun Exploration and
Production Company in the above-referenced case. Sun Exploration
and Production Company respectfully requests that this matter be
placed on the docket for the Commission hearings scheduled on
February 16, 1989.

Very truly yours,

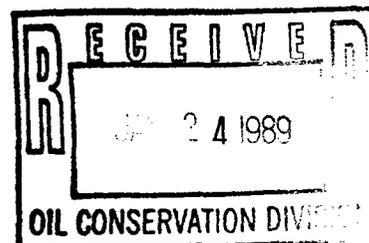
A handwritten signature in black ink that reads "William F. Carr".

WILLIAM F. CARR
WFC:mlh
Enclosure
cc w/enclosures:

Mr. Charles A. Gray
Sun Exploration and Production Company
W. Thomas Kellahin, Esq.
W. Perry, Pearce, Esq.
A. J. Losee, Esq.
Larry Hastings

BEFORE THE OIL CONSERVATION COMMISSION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS
AND NATURAL RESOURCES

APPLICATION OF SUN EXPLORATION AND
PRODUCTION COMPANY FOR CONTRACTION
OF THE NORTH VACUUM-ATOKA-MORROW GAS
POOL, EXTENSION OF THE SOUTH SHOE BAR -
ATOKA GAS POOL AND THE PROMULGATION
OF SPECIAL POOL RULES FOR THE
SOUTH SHOE BAR - ATOKA GAS POOL
TO INSTITUTE GAS PRORATIONING,
LEA COUNTY, NEW MEXICO.



CASE NO. 9588

A M E N D E D
APPLICATION

SUN EXPLORATION AND PRODUCTION COMPANY ("SUN") by and through its undersigned attorneys, hereby makes application to the Oil Conservation Commission for an Order contracting the North Vacuum-Atoka-Morrow Gas Pool, extending the South Shoe Bar - Atoka Gas Pool and promulgating Special Pool Rules and Regulations for the South Shoe Bar -Atoka Gas Pool, Lea County, New Mexico to provide for (1) the institution of gas prorationing, (2) fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities and (3) for the allocation of the allowable production among the wells in the pool on a straight acreage basis and in support thereof states:

1. Sun is the owner and operator of certain acreage within the South Shoe Bar - Atoka Gas Pool.

2. The South Shoe Bar - Atoka Gas Pool was created by the Commission on November 1, 1984 by Order No. R-7714 and has been extended from time to time and now includes the following acreage:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M

Section 14: W/2
Section 15: S/2
Section 22: N/2
Section 23: NW/4

3. The North Vacuum-Atoka-Morrow Gas Pool was created by the Commission of June 30, 1966 by Order No. R-3084 and has been extended from time to time. This pool now includes portions of more than one gas pool and a portion of the North Vacuum-Atoka-Morrow Gas Pool is in communication with and is part of the same gas pool as the South Shoe Bar - Atoka Gas Pool.

4. To assure that the defined limits of the South Shoe Bar - Atoka Gas Pool include all of the common accumulation of natural gas in this pool, the boundaries of the North Vacuum-Atoka-Morrow Gas Pool should be contracted by excluding the following lands:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, N.M.P.M

Section 1: E/2
Section 12: S/2, NE/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M

Section 7: All
Section 8: W/2
Section 16: W/2
Section 17: N/2
Section 18: All

and the South Shoe Bar - Atoka Gas Pool should be extended to include the following lands:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, N.M.P.M

Section 1: E/2
Section 12: S/2, NE/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M

Section 7: All
Section 8: W/2
Section 16: W/2, SE/4
Section 17: N/2
Section 18: All

5. Although wells in the South Shoe Bar - Atoka Gas Pool, as extended, drain in excess of 320-acres, the pool is currently developed with wells which produce from spacing units varying in size from 160-acres to 320-acres.

6. Market demand from the South Shoe Bar - Atoka Gas Pool, as extended, is below the combined deliverability of the wells completed in the pool for most of the year.

7. Current rules for the development and production of the South Shoe Bar - Atoka Gas Pool do not operate to prevent the drilling of unnecessary wells thereby causing waste nor do these rules, nor the general rules of the Oil Conservation Division, allocate production so as to prevent drainage that cannot be offset by counter drainage, thereby protecting correlative rights.

8. To protect the correlative rights of all interest owners in this pool, and to provide for orderly development of this pool in a manner that will avoid the waste that results from the drilling of the unnecessary wells, rules and regulations should be

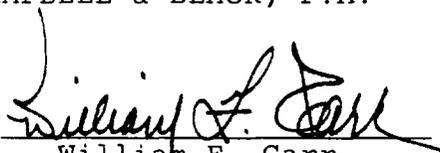
promulgated for the South Shoe Bar - Atoka Gas Pool as extended which institute prorationing and include provisions for the allocation of the allowable production among the wells in the pool on a straight acreage basis.

WHEREFORE, Applicant requests that this case be set for hearing before the Oil Conservation Commission on February 16, 1989, and that after notice and hearing as required by law the Commission enter its order contracting the North Vacuum-Atoka-Morrow Gas Pool, extending the South Shoe Bar - Atoka Gas Pool, and promulgating Special Pool Rules and Regulations providing for the institution of gas prorationing in the South Shoe Bar - Atoka Gas Pool, including a provision for the allocation of the allowable production among the wells in the pool on a straight acreage basis.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By



William F. Carr
P.O. Box 2208
Santa Fe, NM 87504-2208
(505) 988-4421

ATTORNEY FOR SUN EXPLORATION
AND PRODUCTION COMPANY

CAMPBELL & BLACK, P.A.
LAWYERS

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BRUCE D. BLACK
MICHAEL B. CAMPBELL
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January 25, 1989

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED

JAN 25 1989

OIL CONSERVATION DIVISION

Attn: Vic Lyon

Re: Oil Conservation Commission Case No. 9588
In the Matter of the Application of Sun Exploration and
Production Company for Contraction of the North Vacuum-
Atoka-Morrow Gas Pool, Extension of the Horizontal and
Vertical Limits of the South Shoe Bar-Atoka Gas Pool and
the Promulgation of Special Pool Rules for the South Shoe
Bar-Atoka-Morrow Gas Pool to Institute Gas Prorationing,
Lea County, New Mexico

Dear Mr. LeMay:

Enclosed is a Second Amended Application for Sun Exploration and
Production Company in the above-referenced case. Sun Exploration
and Production Company respectfully requests that this matter be
placed on the docket for the Commission hearings scheduled on
February 16, 1989.

Very truly yours,



WILLIAM F. CARR
WFC:mlh
Enclosure

cc w/enclosures: Mr. Charles A. Gray
Sun Exploration and Production Company
Shelley L. Lane
Sun Exploration and Production Company
W. Thomas Kellahin, Esq.
W. Perry, Pearce, Esq.
A. J. Losee, Esq.
Larry Hastings

BEFORE THE OIL CONSERVATION COMMISSION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS
AND NATURAL RESOURCES

APPLICATION OF SUN EXPLORATION AND PRODUCTION COMPANY FOR CONTRACTION OF THE NORTH VACUUM-ATOKA-MORROW GAS POOL, EXTENSION OF THE HORIZONTAL AND VERTICAL LIMITS OF THE SOUTH SHOE BAR-ATOKA GAS POOL AND THE PROMULGATION OF SPECIAL POOL RULES FOR THE SOUTH SHOE BAR-ATOKA-MORROW GAS POOL TO INSTITUTE GAS PRORATIONING, LEA COUNTY, NEW MEXICO.

RECEIVED
JAN 15 1960
OIL CONSERVATION DIVISION

CASE NO. 9588

S E C O N D
A M E N D E D
APPLICATION

SUN EXPLORATION AND PRODUCTION COMPANY ("SUN") by and through its undersigned attorneys, hereby makes application to the Oil Conservation Commission for an Order contracting the North Vacuum-Atoka-Morrow Gas Pool, extending the horizontal and vertical limits of the South Shoe Bar-Atoka Gas Pool, renaming the pool the South Shoe Bar-Atoka-Morrow Gas Pool, and promulgating Special Pool Rules and Regulations for the South Shoe Bar-Atoka-Morrow Gas Pool, Lea County, New Mexico to provide for (1) the institution of gas prorationing, (2) fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities and (3) for the allocation of the allowable production among the wells in the pool on a straight acreage basis and in support thereof states:

1. Sun is the owner and operator of certain acreage within the South Shoe Bar-Atoka Gas Pool.

2. The South Shoe Bar-Atoka Gas Pool was created by the Commission on November 1, 1984 by Order No. R-7714 and has been extended from time to time and now includes the following acreage:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M

Section 14: W/2
Section 15: S/2
Section 22: N/2
Section 23: NW/4

3. The North Vacuum-Atoka-Morrow Gas Pool was created by the Commission of June 30, 1966 by Order No. R-3084 and has been extended from time to time. This pool now includes portions of more than one gas pool and a portion of the North Vacuum-Atoka-Morrow Gas Pool is in communication with and is part of the same gas pool as the South Shoe Bar-Atoka Gas Pool.

4. To assure that the defined limits of the South Shoe Bar - Atoka Gas Pool include all of the common accumulation of natural gas in this pool: (A) the horizontal boundaries of the North Vacuum-Atoka-Morrow Gas Pool should be contracted by excluding the following lands:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, N.M.P.M

Section 1: E/2
Section 12: S/2, NE/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M

Section 7: All
Section 8: W/2
Section 16: W/2
Section 17: N/2
Section 18: All

(B) the horizontal boundaries of the South Shoe Bar - Atoka Gas Pool should be extended to include the following lands:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, N.M.P.M

Section 1: E/2
Section 12: S/2, NE/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M

Section 7: All
Section 8: W/2
Section 16: W/2, SE/4
Section 17: N/2
Section 18: All

and (C) the vertical limits of the South Shoe Bar-Atoka Gas Pool should be extended to include the Morrow formation and the pool renamed the South Shoe Bar-Atoka-Morrow Gas Pool.

5. Although wells in the South Shoe Bar-Atoka-Morrow Gas Pool, as extended, drain in excess of 320-acres, the pool is currently developed with wells which produce from spacing units varying in size from 160-acres to 320-acres.

6. Market demand from the South Shoe Bar-Atoka-Morrow Gas Pool, as extended, is below the combined deliverability of the wells completed in the pool for most of the year.

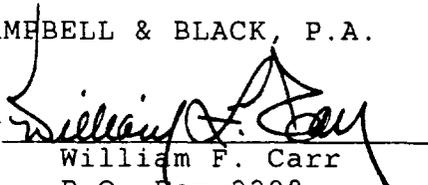
7. Current rules for the development and production of the South Shoe Bar-Atoka-Morrow Gas Pool do not operate to prevent the drilling of unnecessary wells thereby causing waste nor do these rules, nor the general rules of the Oil Conservation Division, allocate production so as to prevent drainage that cannot be offset by counter drainage, thereby protecting correlative rights.

8. To protect the correlative rights of all interest owners in this pool, and to provide for orderly development of this pool in a manner that will avoid the waste that results from the drilling of the unnecessary wells, rules and regulations should be promulgated for the South Shoe Bar-Atoka-Morrow Gas Pool as extended which institute prorationing and include provisions for the allocation of the allowable production among the wells in the pool on a straight acreage basis.

WHEREFORE, Applicant requests that this case be set for hearing before the Oil Conservation Commission on February 16, 1989, and that after notice and hearing as required by law the Commission enter its order contracting the North Vacuum-Atoka-Morrow Gas Pool, extending the horizontal and vertical boundaries of the South Shoe Bar-Atoka-Morrow Gas Pool, renaming the pool the South Shoe Bar-Atoka-Morrow Gas Pool, and promulgating Special Pool Rules and Regulations providing for the institution of gas prorationing in the South Shoe Bar-Atoka-Morrow Gas Pool, including a provision for the allocation of the allowable production among the wells in the pool on a straight acreage basis.

Respectfully submitted,

CAMBELL & BLACK, P.A.

By 

William F. Carr
P.O. Box 2208
Santa Fe, NM 87504-2208
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ATTORNEY FOR SUN EXPLORATION
AND PRODUCTION COMPANY