

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9829
ORDER NO. R-9104

APPLICATION OF ROBERTS AND
HAMMACK, INC. FOR A NON-STANDARD
OIL PRORATION UNIT, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 29, 1989 and on December 13, 1989, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach, respectively.

NOW, on this 26th day of January, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Roberts and Hammack, Inc., is the owner and operator of the Graham State Com Well No. 1 located at a standard oil well location 1980 feet from the South and West lines (Unit K) of Section 8, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico, which is presently temporarily abandoned.

(3) Said well was spudded on December 27, 1967, drilled to a total depth of 10,400 feet, and was subsequently completed in the lower portion of the North Bagley-Permo Pennsylvanian Pool, whereby it produced oil until May, 1988.

(4) The North Bagley-Permo Pennsylvanian Pool is governed by Special Pool Rules and Regulations, as promulgated by Division Order Nos. R-3249, R-3988 and R-7279, which provide for 80-acre spacing and proration units consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section and for well locations to be within 150 feet of the center of a governmental quarter section or lot.

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(5) The dedicated acreage for this well while it was producing comprised the N/2 SW/4 of said Section 8, forming a standard 80-acre oil spacing and proration unit for this pool.

(6) The NW/4 SW/4 (Unit L) of said Section 8 is within a separate state lease than the NE/4 SW/4; because there was no production, the lease covering the NW/4 SW/4 expired and has been subsequently terminated by the State Land Office.

(7) At this time, the applicant proposes to recomplete this well in the Wolfcamp formation (which is still a part of the North Bagley-Permo Pennsylvanian Pool) and therefore seeks authorization to rededicate acreage for said well from a N/2 SW/4 dedication to a NE/4 SW/4 and NW/4 SE/4 dedication, thereby forming a non-standard 80-acre oil proration unit for said pool, and would subsequently be utilizing acreage in one single state lease.

(8) At the time of the hearing, the applicant presented a plan of development whereby the acreage immediately to the south of the proposed unit, comprising the SE/4 SW/4 and SW/4 SE/4 of said Section 8, would be utilized to form a second non-standard 80-acre unit, thereby completing such inconsistency of units straddling quarter section lines in the S/2 of said Section 8.

(9) No offset operators or interested parties appeared at the hearing or objected to this application.

(10) The entire non-standard proration unit may reasonably be presumed productive of oil from the North Bagley-Permo Pennsylvanian Pool and the entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(11) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the North Bagley-Permo Pennsylvanian Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(12) Approval of the subject application along with the applicant's future plan of development for the S/2 of said Section 8 should not preclude the orderly development of the North Bagley-Permo Pennsylvanian Pool.

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IT IS THEREFORE ORDERED THAT:

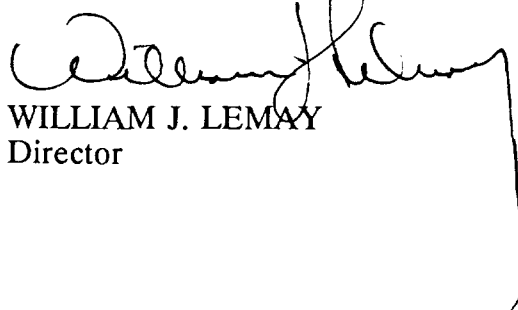
(1) The application of Roberts and Hammack, Inc. for an 80-acre non-standard oil spacing and proration unit in the North Bagley-Permo Pennsylvanian Pool comprising the NE/4 SW/4 and NW/4 SE/4 of Section 8, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to its existing Graham State Com Well No. 1, located at a standard oil well location 1980 feet from the South and West lines (Unit K) of said Section 8.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director