

PLEASE SET FOR HEARING

OBJECTION FROM

ENICH DIFFEE

624-2066

Gilbert

SPQ

ENICK Diffie
Sun Burst
Roswell

Will call
again in morning



Amoco Production Company

Houston Region
501 WestLake Park Boulevard
Post Office Box 3092
Houston, Texas 77253

R. E. Ogden
Regional Engineering
Manager

March 7, 1985

File: JCA-986.51-3083

Re: Application for Administrative Approval
of Non-Standard Proration Unit
Baum-Upper Pennsylvanian Oil Pool
Lea County, New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
State Land Office Building
Old Santa Fe Trail
Santa Fe, N.M. 87501

Attention: Mr. R. L. Staments

Gentlemen:

Amoco Production Company hereby makes application for administrative approval of an 80 acre non-standard proration unit under the provision of Rule 3 of the Special Rules and Regulations for the referenced pool. The proposed non-standard proration unit will consist of the W/2 SW/4 Section 13, T-13-S, R-32-E, Lea County, New Mexico (Attachment No. 1). Amoco proposed to dedicate the non-standard unit to a Baum Upper Pennsylvanian well to be drilled at an orthodox location in Unit M of Section 13. The allowable assigned well will be 1/2 of the standard allowable assignment associated with a standard 160 acre proration unit.

The need for the non-standard proration unit is supported by the attached geological discussion and associated Cisco structure contour map of the subject area (Attachment No. 2 and No. 2a).

Amoco as applicant hereby certifies that on March 7, 1985 notice of this application was forwarded by certified mail to each of the offsetting operators to the proposed proration unit (Attachment No. 3). In absence of objection to this application, Amoco requests the issuance of an administrative order approving the non-standard proration unit as soon as possible in order to allow commencement of drilling operations in time to hold the 80 acre lease which has an impending May 1985 expiration date.

Yours very truly,

R. E. Ogden *EB*

R. E. Ogden

Attachments

SPS/dch

Case 8554

Attachment No. 1

80 acre non standard
proration unit W/2 SW/4
Section 13



Amoco Production Company

Houston Region
501 WestLake Park Boulevard
Post Office Box 3092
Houston, Texas 77253

R. E. Ogden
Regional Engineering
Manager

March 7, 1985

File: JCA-986.51-3084

Re: Notice of Application for Administrative Approval
of Non-Standard Proration Unit
Baum-Upper Pennsylvanian Oil Pool
Lea County, New Mexico

Case 8554

Offset Operators
(see attached list)

Gentlemen:

Amoco Production Company has made application to the New Mexico Oil Conservation Division for the administrative approval of an 80 acre non-standard proration unit under the provision of Rule 3 of the Special Rules and Regulations for the referenced pool. The proposed non-standard proration unit will consist of the W/2 SW/4, Section 13, T-13-S, R-32-E, Lea County, New Mexico (Attachment No. 1). Amoco proposes to dedicate the non-standard unit to a Baum-Upper Pennsylvanian well to be drilled at an orthodox location in Unit M of Section 13.

The allowable assigned the well will be 1/2 of the allowable assignment associated with a standard 160 acre proration unit. Amoco has asked that in the absence of objection to this application by offset operators, approval be granted administratively by the New Mexico Oil Conservation Division Director.

Yours very truly,

R. E. Ogden *85*

R. E. Ogden

SPS/dch

Attachment

cc: State of New Mexico
Energy and Minerals Department
Oil Conservation Division
State Land Office Building
Old Santa Fe Trail
Santa Fe, N.M. 87501

Attachment No. 3

List of Offset Operators

<u>Location</u>	<u>Operator</u>
Section 13 NW/4, E/2 SW/4	Sunburst Exploration Co. P.O. Box 2608 Roswell, N.M. 88201
Section 14 W/2	Amoco Production Company P.O. Box 3092 Houston, Texas 77253
Section 23 WE/4	Sun Exploration & Production Four North Park East 5656 Blackwell P.O. Box 2880 Dallas, Texas 75221
Section 24 All	Read and Stevens P.O. Box 1518 Roswell, N.M. 88201

GEOLOGICAL DISCUSSION

Geological evaluation of the Cisco production in this area indicates that the potential for porosity development can be related to the structure on the top of the Cisco. This is due to facies changes within the Cisco age carbonates related to their structural position during deposition. During Cisco time algal carbonates were deposited on broad shelf areas such as that in SE/4 of Section 14 and all of Section 23 and this facies was later favorable to porosity development. Where the sea floor steepened conditions no longer favored algal growth and subsequent porosity and reservoir development did not occur. Our interpretation is supported by the dry hole immediately to the south in tract F of Section 24, and by the marginal producer (1.2 MBO) located in tract M of Section 24, T-13-S, R-32-E. This steepening is seen mainly to the east of the -5425' contour line, however, because of the nosing in the NW/4 of Section 13 (based on the Aztec State #1 in tract F) it occurs in this area at about the -5400' contour. The nosing or change in the orientation of the shelf adversely affected currents and other conditions critical to the growth of the algae and subsequent porosity and reservoir development. This is the reason that the wells in tract H of Section 14 and Tract F in Section 13 are dry holes. Therefore, we are confident that the E/2 of the SW/4 of Section 13 lies outside the productive limits of the Cisco horizon because of its structural position at this location.

BAUM-UPPER PENNSYLVANIAN POOL
(Formerly Baum-Wolfcamp Pool)
Lea County, New Mexico

Order No. R-3368-A, Redesignating and Adopting Operating Rules for the Baum-Upper Pennsylvanian Pool, Lea County, New Mexico, June 1, 1968.

Order No. R-3368-A supersedes Order No. R-3368, adopting temporary operating rules for the Baum-Wolfcamp Pool, January 22, 1968.

Application of Coastal States Gas Producing Company for an Amendment to Order No. R-3368, Lea County, New Mexico.

CASE NO. 3701
Order No. R-3368-A

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 8 a.m. on May 22, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 29th day of May, 1968, 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-3368, dated January 22, 1968, temporary Special Rules and Regulations were promulgated for the Baum-Wolfcamp Pool, Lea County, New Mexico, providing for 80-acre spacing units, limited well locations, and an 80-acre proportional factor of 4.77 for allowable purposes, and providing that said temporary rules be reconsidered at an examiner hearing in January, 1969.

(3) That the applicant, Coastal States Gas Producing Company, seeks amendment of the temporary Special Rules and Regulations promulgated by Order No. R-3368 to provide for 160-acre spacing units with the assignment of 80-acre allowables.

(4) That the applicant also seeks to have said rules and regulations, as proposed, made permanent.

(5) That a number of wells have been completed in the subject pool subsequent to the issuance of Order No. R-3368.

(6) That the additional evidence concerning the characteristics of the subject reservoir gained as a result of said completions establishes that one well in the pool can efficiently and economically drain and develop 160 acres.

(7) That the additional evidence presented indicates that the establishment of 160-acre spacing units and an 80-acre proportional factor of 4.77 for allowable purposes is warranted.

(8) That the Special Rules and Regulations promulgated by Order No. R-3368, as amended by this order, will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(9) 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, the Special Rules and Regulations promulgated by Order No. R-3368, as amended by this order, should be continued in full force and effect until further order of the Commission.

(10) That the aforementioned additional evidence also establishes that the subject pool is producing from the Upper Pennsylvanian formation rather than the Wolfcamp formation.

(11) That the subject pool should be redesignated the Baum-Upper Pennsylvanian Pool.

IT IS THEREFORE ORDERED:

(1) That, effective June 1, 1968, Order (a) of Order No. R-675-A, Order (a) of Order No. R-914, Order (e) of Order No. R-3367, and Order (a) of Order No. R-3389 are hereby amended by deleting therefrom the word "Wolfcamp" wherever it appears and substituting in lieu thereof the words "Upper Pennsylvanian."

(2) That the Special Rules and Regulations governing the Baum-Wolfcamp Pool, Lea County, New Mexico, promulgated by Order No. R-3368, are hereby amended to read in their entirety as follows, effective June 1, 1968:

SPECIAL RULES AND REGULATIONS
FOR THE
BAUM-UPPER PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Baum-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Upper Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice

CAC 8554

(BAUM-UPPER PENNSYLVANIAN POOL - Cont'd.)

and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit 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 offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 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 6. A standard proration unit (158 through 162 acres) shall be assigned an 80-acre proportional factor of 4.77 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Baum-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 June 1, 1968.

(2) That each well presently drilling to or completed in the Baum-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof shall, after June 1, 1968, receive an allowable in the same proportion to a standard 160-acre allowable for the pool as the acreage presently dedicated to the well bears to 160 acres, until Form C-102 dedicating 160 acres to the well has been filed with the Commission, or until a non-standard unit containing less than 160 acres has been approved.

(3) That Order No. R-3368 entered by the Commission on January 22, 1968, is hereby superseded.

(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.

NORTH SHIPROCK-DAKOTA POOL
San Juan County, New Mexico

Order No. R-3408, Adopting Operating Rules for the North Shiprock-Dakota Pool, San Juan County, New Mexico, April 29, 1968.

Application of Dugan Production Corporation for the Creation of an Oil Pool and for Special Pool Rules, San Juan County, New Mexico.

CASE NO. 3755
Order No. R-3408

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on April 24, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 29th day of April, 1968, 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 the applicant, Dugan Production Corporation, seeks the creation of a new oil pool for Dakota production in San Juan County, New Mexico, and the establishment of special pool rules therefor providing for development on 2-1/2-acre spacing with a provision that each 40-acre tract be subject to a single Northwest New Mexico normal unit allowable.

(3) That the Thomas A. Dugan Shiprock Well No. 1, located in Unit B of Section 14, Township 30 North, Range 18 West, NMPM, San Juan County, New Mexico, has discovered a separate common source of supply which should be designated the North Shiprock-Dakota Oil Pool; that the vertical limits of said pool should be Dakota formation, and that the horizontal limits of said pool should be the NE/4 of said Section 14.

CISCO STRUCTURE

C.I. = 25'

