

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED

JUL 19 1985

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY FOR
POOL CREATION AND SPECIAL POOL
RULES, IEA COUNTY, NEW MEXICO.

Case 8676

APPLICATION

Comes now, SOUTHLAND ROYALTY COMPANY, by their undersigned attorneys, and hereby makes application for an order designating a new pool as a result of the discovery of hydrocarbons in the Wolfcamp formation in its Peoples State 32 No. 1 Well located in Unit P of Section 32, Township 18 South, Range 35 East, Lea County, New Mexico and for promulgation of special pool rules, including (1) 80-acre spacing or proration units on a permanent basis or, in the alternative, on a temporary basis, and (2) the dedication of all of the south half of the southeast quarter of said Section 32 to the Peoples State 32 No. 1 Well, and in support of this application would show the Commission:

1. That applicant has recently completed its Peoples State 32 No. 1 in the Wolfcamp formation capable of producing oil and gas in paying quantities located 660 feet from the south and east lines of Section 32, Township 18 South, Range 35 East, Lea County, New Mexico. Said well is producing through perforations from 11,124 feet to 11,164 feet and was potentialized as capable of producing 530 barrels of oil per day, 495 mcf of gas per day, and 50 barrels of water per day.

2. Applicant believes that the following described lands are reasonably proven to be productive of hydrocarbons in paying quantities from the Wolfcamp formation and should be included in the original definition of the new pool to be created because of said discovery:

Township 18 South, Range 35 East, N.M.P.M.

Sections 28 and 29: All

Sections 32 and 33: All

Township 19 South, Range 35 East, N.M.P.M.

Sections 4 and 5: All

3. In order to prevent economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and to otherwise prevent waste and protect correlative rights, special pool rules and regulations providing for 80-acre spacing units should be promulgated for the new pool.

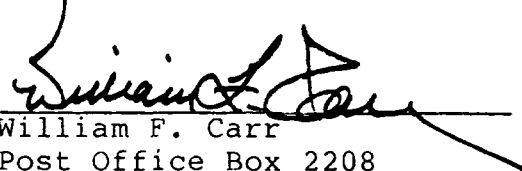
4. Applicant respectfully requests that the special pool rules provide that each well should be located on a standard unit containing 80 acres more or less, consisting of two contiguous governmental quarter sections and that the well may be located in either component of the 80-acre spacing unit.

WHEREFORE, Southland Royalty Company requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 14, 1985, that notice be given as required by law and the rules of the Division, and that following hearing the application be approved.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By


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