

Called in by Alan Nutter
8/19/85

September 11, 1985

Memo

From

FLORENE DAVIDSON

Staff Specialist

To

Wayne Newkumet

Amendment of Pool Rules

High Plains - Permian
Pennsylvanian Pool
Lea County

Amend Rule 4

Each well shall be
located no nearer than
660 feet to the outer boundary
of the proration unit nor
nearer than 330 feet to any
governmental quarter-quarter
section line

Oil Conservation Santa Fe, New Mexico

HIGH PLAINS-PERMO PENNSYLVANIAN POOL
(Formerly High Plains-Pennsylvanian Pool)
Lea County, New Mexico

Order No. R-2507, July 1, 1963, Establishing Pool, as Amended by Order No. R-2874, March 5, 1965; Order No. R-3801, July 23, 1969; Order No. R-3995, August 1, 1970; Order No. R-4665, December 1, 1973; Order No. R-5143, February 1, 1976; Order No. R-7763, January 1, 1985; Order No. R-7955, June 12, 1985.

T-14-S, R-34-E SE/4 Sec. 14; E/2, NW/4 Sec. 22; W/2 Sec. 23; SW/4 Sec. 25; W/2, SE/4 Sec. 26; NW/4 Sec. 36.

HOPE-STRAWN GAS POOL
Eddy County, New Mexico

Order No. R-2507, July 1, 1963, Establishing Pool.

Pool abolished by Order No. R-2639, February 1, 1964.

INDIAN HILLS-UPPER PENNSYLVANIAN GAS POOL
Eddy County, New Mexico

Order No. R-2516, July 9, 1963, Establishing Pool, as Amended by Order No. R-2552, September 1, 1963.

Pool abolished by Order No. R-2726, July 1, 1964.

JENKINS-CISCO POOL
Lea County, New Mexico

Order No. R-2527, August 1, 1963, Establishing Pool, as Amended by Order No. R-2619, December 13, 1963; Order No. R-2931, June 15, 1965; Order No. R-2985, November 1, 1965; Order No. R-3014, January 1, 1966; Order No. R-3056, May 1, 1966; Order No. R-2931-B, August 19, 1966; Order No. R-3104, September 1, 1966.

T-9-S, R-34-E S/2 Sec. 24; N/2 Sec. 25.

T-9-S, R-35-E SW/4 Sec. 19; N/2 Sec. 30.

NORTH JUSTIS-GLORIETA POOL
Lea County, New Mexico

Order No. R-2507, July 1, 1963, Establishing Pool.

T-25-S, R-37-E NW/4 Sec. 1.

WEST MILNESAND-SAN ANDRES POOL
Roosevelt County, New Mexico

Order No. R-2507, July 1, 1963, Establishing Pool, as Amended by Order No. R-2578, November 1, 1963; Order No. R-6810, November 1, 1981.

T-8-S, R-34-E SE/4 Sec. 17; NE/4 Sec. 20; W/2 Sec. 21.

VACUUM-PENNSYLVANIAN POOL
Lea County, New Mexico

Order No. R-2507, July 1, 1963, Establishing Pool, as Amended by Order No. R-2552, September 1, 1963; Order No. R-2578, November 1, 1963; Order No. R-2651, March 1, 1984.

Pool abolished by Order No. R-2677, April 1, 1964.

QUERECHO PLAINS-YATES POOL
Lea County, New Mexico

Order No. R-2527, August 1, 1963, Establishing Pool, as Amended by Order No. R-6449, September 1, 1980; Order No. R-6536, December 1, 1980.

T-18-S, R-32-E SW/4 Sec. 35.

NORTH SHOE BAR-DEVONIAN POOL
Lea County, New Mexico

Order No. R-958, March 8, 1957, Establishing Pool, as Amended by Order No. R-986, April 29, 1957; Order No. R-7714, November 1, 1984.

T-16-S, R-35-E N/2, SE/4 Sec. 15.

SHOE BAR-PENNSYLVANIAN POOL
Lea County, New Mexico

Order No. R-460, May 19, 1954, Establishing Pool, as Amended by Order No. R-1441, July 21, 1959; Order No. R-2062, October 1, 1961; Order No. R-2139, January 1, 1962; Order No. R-3152, December 1, 1966; Order No. R-3818, September 1, 1969.

T-16-S, R-35-E Secs. 26, 35; W/2 NE/4 Sec. 36.

T-16-S, R-36-E NW/4 Sec. 31.

SHOE BAR-ATOKA GAS POOL
(Formerly Shoe Bar-Pennsylvanian Gas Pool)
Lea County, New Mexico

Order No. R-713, November 10, 1955, Establishing Pool, as Amended by Order No. R-6033, July 1, 1979; Order No. R-6169, November 1, 1979; Order No. R-6476, October 1, 1980.

T-16-S, R-35-E SW/4 Sec. 27; Secs. 28, 34.

T-17-S, R-35-E N/2 Sec. 3.

(BURTON FLAT-UPPER STRAWN POOL - Cont'd.)

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit or nearer than 330 feet to any governmental quarter-quarter section line nor closer than 1320 feet to the nearest well drilling or capable of producing from the Burton Flat-Upper Strawn Oil Pool.

RULE 5. The Division 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 certify that such notice has been furnished. The 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 Director has received the application.

RULE 6. A 160-acre proration unit (158 through 162 acres) in the Burton Flat-Upper Strawn Oil Pool shall be assigned a 160-acre depth bracket allowable of 560 barrels per day 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 unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

RULE 7. The limiting gas-oil ratio for the pool shall be 3000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED THAT:

(3) The location of all wells presently drilling to or completed in the Burton Flat-Upper Strawn Oil Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well on or before March 1, 1985.

(4) Pursuant to Paragraph A. of Section 70-2-18, NMSA, 1978 Comp., existing wells in the Burton Flat-Upper Strawn Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject to well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Burton Flat-Upper Strawn Oil Pool or in the Strawn formation within one mile thereof shall receive no more than one-quarter of a standard allowable for the pool.

(5) This case shall be reopened at an examiner hearing in January 1988, at which time the operators in the subject pool may appear and show cause why the Burton Flat-Upper Strawn Oil Pool should not be developed on 40-acre proration units.

(6) 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.

HIGH PLAINS-PERMO PENNSYLVANIAN POOL
Eddy County, New Mexico

Order No. R-7955, Extending the Horizontal Limits of the High Plains-Permo Pennsylvanian Pool, Eddy County, New Mexico, June 12, 1985.

Application of Wayne Newkumet for the Contraction of the Horizontal Limits of Two Permo Pennsylvanian Oil Pools, Lea County, New Mexico.

CASE NO. 8600
Order No. R-7955

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8 a.m. on May 22, 1985, and on June 5, 1985, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and Gilbert P. Quintana, respectively.

NOW, on this 12th day of June, 1985, 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, Wayne Newkumet, is the owner of certain oil and gas interests in Section 35, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) The North Morton Permo-Pennsylvanian Pool, as currently defined, includes the SW/4 of Section 29, all of Section 31, and the NW/4 of Section 32 of Township 14 South, Range 35 East, NMPM, the S/2 of Section 25, the SE/4 of Section 26 and the N/2 of Section 36 of Township 14 South, Range 34 East, NMPM, and the NW/4 of Section 6 of Township 15 South, Range 35 East, NMPM.

**(HIGH PLAINS-PERMO PENNSYLVANIAN POOL -
Cont'd.)**

(4) The High Plains Permo-Pennsylvanian Pool, as currently defined, includes the SW/4 of Section 14, the NW/4 and E/2 of Section 22, the W/2 of Section 23 and the W/2 of Section 26 of Township 14 South, Range 34 East, NMPM.

(5) Said Section 35 is bounded by both the North Morton and High Plains Permo-Pennsylvanian Pools.

(6) The applicant seeks the contraction of the North Morton Permo-Pennsylvanian Pool by the deletion therefrom of the S/2 of Section 25, the SE/4 of Section 26, and the N/2 of Section 36, Township 14 South, Range 34 East, NMPM, and the concomitant extension of the High Plains Permo-Pennsylvanian Pool to include the SW/4 of Section 25, the SE/4 of Section 26, and the NW/4 of Section 36, Township 14 South, Range 34 East, NMPM.

(7) The geological evidence presented at the hearing indicates that there is a generally Northeast-Southwest trending area of low permeability separating the three most westerly of the North Morton Pool wells (located in the SE/4 SW/4 of Section 25, the SW/4 SW/4 of the Section 26, and the SW/4 NW/4 of Section 36) from the remainder of the wells in the pool.

(8) The evidence further indicates that the aforesaid three wells are in communication with, and should properly be reclassified in, the High Plains Permo-Pennsylvanian Pool.

(9) No party appeared and objected to the proposed contraction and extension of said pools.

(10) The owner and operator of the aforesaid three wells waived objection to the reclassification of said wells from the North Morton Pool to the High Plains Pool.

(11) Contraction of the horizontal limits of the North Morton Permo-Pennsylvanian Pool and the concomitant extension of the High Plains Permo-Pennsylvanian Pool, all as described in Finding Paragraph No. (6) above, will not cause waste nor impair correlative rights and should be approved, subject to the following provisions:

A. Any well which is reclassified from the North Morton Pool to the High Plains Pool should be subject to the Special Pool Rules for the High Plains Permo-Pennsylvanian Pool as promulgated by Division Order No. R-2874, as amended, except as herein provided.

B. The location of any well reclassified from the North Morton Pool to the High Plains Pool whose location does not comply with the Special Pool Rules for the High Plains Permo-Pennsylvanian Pool should be automatically approved as an exception to said special pool rules.

C. The operator of any well so reclassified should have 60 days from the date of entry of this order in which to file new

Division Forms C-102, Well Location and Acreage Dedication Plat, for each such well, dedicating thereto 160 acres, or to obtain approval of a non-standard proration unit.

IT IS THEREFORE ORDERED THAT:

(1) The North Morton Permo-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion therefrom of the following described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 25: S/2
Section 26: SE/4
Section 36: N/2

(2) The High Plains Permo-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 25: SW/4
Section 26: SE/4
Section 36: NW/4

(3) Any well drilling to or completed in the Permo-Pennsylvanian formation within the lands described in Ordering Paragraph No. (2) above whose location does not comply with the well location requirements of the High Plains Permo-Pennsylvanian Pool as set forth in Division Order No. R-2874, as amended, is hereby granted an exception to said well location requirements.

(4) The lands described in Ordering Paragraph No. (2) above shall be subject to the Special Pool Rules for the High Plains Permo-Pennsylvanian Pool, as shall any well located thereon which is drilling to or completed in the Permo-Pennsylvanian formation.

IT IS FURTHER ORDERED THAT:

(5) Pursuant to Section 70-2-18, NMSA, 1978, contained in Chapter 271, Laws of 1969, any well, which by virtue of this order, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the date of entry of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(6) Jurisdiction of this cause and the subject matter thereof 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.

DANIEL S. NUTTER

REGISTERED PETROLEUM ENGINEER

PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES

105 EAST ALICANTE

SANTA FE, NEW MEXICO 87501

PHONE (505) 982-0757

August 20, 1985

Mr. Richard L. Stamets, Director
Oil Conservation Division
New Mexico Energy and Minerals Department
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 8701

Dear Mr. Stamets:

This is the application of Wayne Newkumet for the amendment of the Special Pool Rules for the High Plains Permo-Pennsylvanian Pool in Lea County, New Mexico, to delete the requirement that wells must be drilled in either the Northeast quarter or the Southwest quarter of the governmental quarter section.

As proposed, Rule 4 of the special pool rules as promulgated by Division Order No. R-2874 would read as follows:

"RULE 4. Each well shall be located no nearer than than 660 feet to the outer boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line."

We would respectfully request that this application be docketed for hearing at the Examiner hearing scheduled for September 18, 1985, and that subsequent to said hearing, the subject pool rules be amended as described above.

Very truly yours,



Daniel S. Nutter, P.E. and
Agent, Wayne Newkumet

DSN:ms

cc: Wayne Newkumet
Newkumet Exploration
P.O. Box 11330
Midland, TX 79702

William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87501

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY JR.
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD A. SIMMS
DEBORAH NORWOOD*
JAMES H. ISBELL*
RICHARD R. WILFONG*
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK

JEFFREY L. FORNACIARI
ROBERT D. SIMPSON*
DAVID L. SPOEDE
JEFFREY D. HEWETT*
JAMES BRUCE
ALBERT L. PITTS
THOMAS D. HAINES, JR.
THOMAS M. HNASKO
MICHAEL F. MILLERICK
GREGORY J. NIBERT
JUDY K. MOORE*
DAVID T. MARKETTE*
BRUCE R. ROGOFF
JAMES M. HUDSON
DONALD R. FENSTERMACHER
DAVID B. GROCE*
ROBERT M. BRISTOL
GARY M. LADEN*

ATTORNEYS AT LAW

218 MONTEZUMA

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AMARILLO, TEXAS 79101
(806) 372-5569

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88201
(505) 622-6510

September 12, 1985

JEFFREY L. BOWMAN

OF COUNSEL
CLARENCE E. HINKLE
ROY C. SNODGRASS, JR.
O. M. CALHOUN
MACK EASLEY
GORDON L. LLEWELLYN

W. E. BONDURANT, JR. (1913-1973)
ROBERT A. STONE (1905-1981)

*NOT LICENSED IN NEW MEXICO

R. L. Stamets, Director
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

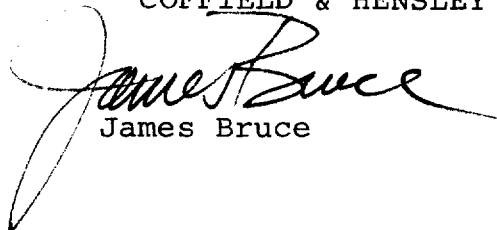
Re: OCD Case No. 8701; Application of Wayne Newkumet
for Amendment of Order No. R-2874

Dear Mr. Stamets:

This letter is to notify the OCD that our client, Amerind Oil Company, Midland, Texas, supports the above application of Wayne Newkumet, and requests the OCD to grant the relief sought by Mr. Newkumet.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY



James Bruce

JB/mh

cc: Robert C. Leibrock
William F. Carr

ELK OIL COMPANY
Post Office Box 310
Roswell, New Mexico 88201

September 6, 1985

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

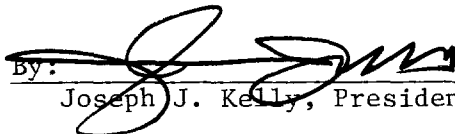
Re: Examiner Hearing
Case #8701 on application
of Wayne Newkumet

Gentlemen:

We, as Operator or Lessee in the High Plains Field of Township 14 South of Range 34 East, NMPM, Lea County, New Mexico, support the application of Wayne Newkumet in case #8701 on the docket for hearing September 11, 1985.

Sincerely,

ELK OIL COMPANY

By: 
Joseph J. Kelly, President

cc. Dan Nutter
105 East Alicante
Santa Fe, New Mexico 87501

HARVEY E. YATES COMPANY
Post Office Box 1933
Roswell, New Mexico 88201

September 6, 1985

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Examiner Hearing
Case #8701 on application
of Wayne Newkumet

Gentlemen:

We, as Operator or Lessee in the High Plains Field of Township 14 South of Range 34 East, NMPM, Lea County, New Mexico, support the application of Wayne Newkumet in case #8701 on the docket for hearing September 11, 1985.

Sincerely,

HARVEY E. YATES COMPANY

By: 
Robert H. Bell

cc. Dan Nutter
105 East Alicante
Santa Fe, New Mexico 87501



CLEMENTS ENERGY, INC.

SUBSIDIARY OF:
NERCO OIL & GAS, INC.

3031 N.W. 64TH STREET
P.O. BOX 20500
OKLAHOMA CITY, OK 73156
405/840-1983

AIRBORNE

September 9, 1985

New Mexico Oil Conservation Division
310 Old Sante Fe Trail
Sante Fe, New Mexico 87501

RE: Case 8701

Gentlemen:

Clements Energy, Inc. as lessee and operator in the High Plains Field supports the application of Wayne Newkumet in the above referenced case on September 11, 1985.

Sincerely,

CLEMENTS ENERGY, INC.

Steve Antry
Regional Land Manager

SA/0812k

RECEIVED

SUBSIDIARY OF:

NERCO, INC.



Harper Oil Company

Briercroft Building, Suite 310
Midland, Texas 79701
(915) 684-4298

September 9, 1985

NM Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, NM 87504

Re: Case Number 8701
Application by Wayne Newkumet
September 11, 1985

Gentlemen:

Harper Oil Company supports the application of Wayne Newkumet in Case Number 8701 to be heard on September 11, 1985 regarding the location of a proposed test well to be located in the SE/4 of Section 23, T14S-R34E, Lea County, New Mexico.

Yours very truly,

HARPER OIL COMPANY

Paul J. Burdick
Landman

75b/bc



MIDCON CORP.

MGF

OIL CORPORATION

MAILING ADDRESS:
P.O. Box 360 • Midland, Texas 79702-0360

CORPORATE HEADQUARTERS:
Seventh Floor • Vaughn Building

TELEPHONE:
915 / 685-9700

September 9, 1985

New Mexico Conservation Division
310 Old Santa Fe Trail
Santa Fe, NM 87504

Re: Case #8701
High Plains Field
Lea County, New Mexico

Gentlemen:

MGF Oil Corporation, as lessee in the subject field, supports and recommends the application by Newkumet Exploration, Midland, Texas to amend the rules of the High Plains field to permit drilling operations in any quarter-quarter section.

A ruling favorable to Newkumet's application would permit more orderly drilling, planning and efficient reservoir development and production.

Sincerely,

MGF OIL CORPORATION



Edward N. Adcock
Division Manager

ENA:kv



**Sun Exploration and
Production Company**

Sun Tower
ClayDesta Plaza
No 24 Smith Rd Suite 600
Midland TX 79705
915 688 0532

September 9, 1985

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, NM 87504

RE: Case #8701 (Application from Wayne Newkumet)
Lea County, New Mexico

Gentlemen:

Sun Exploration and Production Company is an owner of oil and gas leases in the High Plains Field, Lea County, New Mexico. We hereby support Mr. Newkumet's application for a change in the field rules as he has previously requested.

Yours very truly,

SUN EXPLORATION AND PRODUCTION COMPANY

A handwritten signature in cursive script, appearing to read "Thomas R. Hobbs".

Thomas R. Hobbs
Professional Landman

pld

SAMEDAN OIL CORPORATION
10 DESTA DRIVE
SUITE 240 EAST
MIDLAND, TEXAS 79705
(915) 688-3660

September 9, 1985

New Mexico Oil Conservation Commission
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: Case 8701

Gentlemen:

Samedan Oil Corporation supports the application of Wayne Newkumet in Case No. 8701 on Wednesday, September 11, 1985.

For your information Samedan is a Lessee in the High Plains Field.

Very truly yours,

SAMEDAN OIL CORPORATION


Frank K. Wolfe
Division Landman

FKW:hc



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

September 30, 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2203
Santa Fe, New Mexico

Re: CASE NO. 8701
ORDER NO. R-8874-C

Applicant:

Wayne Newkumet

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD

Other James Bruce, Elk Oil Company, Harvey E. Yates Company,
Clements Energy, Inc., Harper Oil Company, MGF Oil Corporation,
Sun Exploration and Production Company, Samedan Oil Corporation