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PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES

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October 13, 1986

Case 9029

RECEIVED

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OIL CONSERVATION DIVISION

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

Re: Application of P-R-O Management, Inc.,
and Oklahoma Oil Company For Ten Non-
Standard Gas Proration Units, San Juan
County, New Mexico

Dear Mr. Stamets:

P-R-O Management, Inc., and Oklahoma Oil Company have made an agreement whereby P-R-O Management will assume operation of the infill wells and Oklahoma Oil will retain operation of the original wells on four 320-acre standard proration units in the Basin Dakota Gas Pool and one 320-acre unit in the Blanco Mesaverde Gas Pool. The agreement further calls for the creation of two separate 160-acre non-standard proration units out of the acreage previously contained in each of the original units.

We are proposing that ten non-standard proration units in said pools be established and dedicated to the indicated wells as follows:

In the Basin Dakota Gas Pool:

From the current 320-acre unit comprising the N/2 of Section 19, Township 27 North, Range 11 West, NMPM, create two 160-acre units comprising the NE/4 and NW/4 of said Section 19, to be dedicated, respectively, to Oklahoma Oil Company's Federal Well No. 1, located 1850 feet from the North line and 1850 feet from the East line (Unit G) of said Section 19, and to P-R-O Management, Inc.'s Federal Well No. 1-E, located 1120 feet from the North line and 2300 feet from the West line (Unit C) of said Section 19;

R. L. Stamets
October 13, 1986
Page 2

From the current 320-acre unit comprising the E/2 of Section 5, Township 30 North, Range 13 West, NMPM, create two 160-acre units comprising the NE/4 and SE/4 of said Section 5, to be dedicated, respectively, to Oklahoma's Knight Well No. 1, located 925 feet from the North line and 920 feet from the East line (Unit A) of said Section 5, and to P-R-O's Knight Well No. 1-E, located 1820 feet from the South line and 690 feet from the East line (Unit I) of said Section 5;

From the current 320-acre unit comprising the S/2 of Section 21, Township 31 North, Range 13 West, NMPM, create two 160-acre units comprising the SW/4 and SE/4 of said Section 21, to be dedicated, respectively, to Oklahoma's Johnson Well No. 1, located 885 feet from the South line and 800 feet from the West line (Unit M) of said Section 21, and to P-R-O's Johnson Well No. 1-E, located 1120 feet from the South line and 1120 feet from the East line (Unit P) of said Section 21;

X From the current 320-acre unit comprising the S/2 of Section 11, Township 31 North, Range 13 West, NMPM, create two 160-acre units comprising the SW/4 and SE/4 of said Section 11, to be dedicated, respectively, to Oklahoma's Nickles Well No. 1, located 1450 feet from the South line and 1730 feet from the West line (Unit K) of said Section 11, and to P-R-O's Well No. 1-M, located 800 feet from the South line and 1570 feet from the East line (Unit O) of said Section 11. This well, the No. 1-M, is a dual completion in the Blanco Mesaverde and Basin Dakota pools.

In the Blanco Mesaverde Gas Pool:

From the current 320-acre unit comprising the S/2 of Section 11, Township 31 North, Range 13 West, NMPM, create two 160-acre units comprising the SW/4 and SE/4 of said Section 11, to be dedicated, respectively, to Oklahoma's Nickles Well No. 1, located 1450 feet from the South line and 1730 feet from the West line (Unit K) of said Section 11, and to P-R-O's Well No. 1-M, located 800 feet from the South line and 1570 feet from the East line (Unit O) of said Section 11. This is the well referred to in the above paragraph as being a Mesaverde-Dakota dual completion.

In this application, P-R-O Management and Oklahoma Oil are requesting that each of the above described non-standard gas proration units be assigned an acreage factor for allowable purposes in the same proportion that the acreage in the non-standard unit bears to the acreage in a standard unit for the pool (320). We would also request that the deliverability used in the calculation of each non-standard unit's

R. L. Stamets
October 13, 1986
Page 3

allowable be the deliverability of the well on the unit. Further, that in the event any of the above wells are determined to be unorthodox locations as the result of dividing the previously approved proration units into two units, we would also request that approval be given to such locations inasmuch as the only possible affected party to any such unorthodox location would be either of the two co-applicants in this cause.

It is therefore respectfully requested that a case be docketed on the Oil Conservation Division Examiner hearing docket for November 5, 1986, to consider the creation of the above-described 160-acre non-standard gas proration units, and that subsequent to said hearing, an order be entered approving the units and wells as proposed.

A copy of this application has been furnished by certified mail to the offset operators in the affected pool for each of the proposed units. The mailing list for said offset operators is attached.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Daniel S. Nutter", with a stylized flourish at the end.

Daniel S. Nutter, P.E.

DSN:ms

cc: Mr. Thomas R. Lavery
P-R-O Management, Inc.
Box 158, Suite 1313
Glen Lakes Tower
9400 N. Central Expressway
Dallas, TX 75231

William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

November 3, 1986

TONY ANAYA
GOVERNOR

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SANTA FE, NEW MEXICO 87501
(505) 827-5600

Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attn: Peter Ives

Re: Division Cases Nos. 9026, 9027,
9028, and 9029

Dear Mr. Ives,

Per our telephone conversation today, the subject cases will require readvertisement showing the request for the variance in the allowable formula. These cases will be called at the December 3, 1986 hearing, no additional testimony will be required unless there is an objection. The record on these cases shall be open pending the December continuance.

If you should have any questions concerning this matter, please contact me.

Sincerely,

Michael E. Stogner
Petroleum Engineer

MES/et

cc: Jeff Taylor
Dan Nutter
Vic Lyon



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

January 5, 1987

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Mr. Peter Ives
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9029
ORDER NO. R-8380

Applicant:

P=R-O Management, Inc.

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 X

Other _____
