

**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. 3344 (Reopened)
Order No. R-3007-A**

**APPLICATION OF TEXACO INC. FOR
AMENDMENT OF DIVISION ORDER NO.
R-3007, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 2 and 30, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of May, 1992, 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) By Order No. R-3007 issued in Case No. 3344 on December 3, 1965, the Division, upon application of Texaco Inc., approved the West Vacuum Unit Agreement comprising some 2,000 acres, more or less, of State lands in portions of Townships 17 and 18 South, Range 34 East, NMPM, Lea County, New Mexico, for the purpose of initiating and conducting secondary recovery operations.

(3) The applicant, Texaco Inc., seeks to amend the West Vacuum Unit Agreement and thereby Order No. R-3007, by revising the definition of the "Unitized Formation" as originally incorporated in said agreement.

(4) According to evidence presented, the original "Unitized Formation" comprised portions of the Grayburg-San Andres formation which occur between the log depths, measured from the kelly bushing, of 4,213 feet and 4,750 feet in the Texaco Inc. State "V" Well No. 8 located 660 feet from the North and West lines (Unit D) of Section 34, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, as shown on the Schlumberger Gamma Ray-Neutron Log run on said well.

(5) The applicant now proposes that the "Unitized Formation" comprise portions of the Queen, Grayburg and San Andres formations which occur between the log depths, measured from the derrick floor, of 4,004 feet and 4,774 feet in the Texaco Inc. West Vacuum Unit Well No. 13 located 330 feet from the North line and 660 feet from the East line (Unit A) of Section 34, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, as shown on the Gamma Ray-Neutron Log run on said well.

(6) According to applicant's evidence and testimony, the "Unitized Formation" was originally intended to include the entire interval as described in Finding No. (5) above, however, due to the difficulty in correlating the San Andres formation between logs and due to the thickening of the reservoir in the unit area, such intent was not originally implemented.

(7) According to further evidence, the revenue from production from the unit area has historically been distributed among the various interest owners as if the "Unitized Formation" comprised the entire interval as now proposed by the applicant.

(8) As of the date of the hearing, approximately 99.8% of the working interest owners in the West Vacuum Unit have approved the applicant's proposed expansion of the "Unitized Formation".

(9) No interest owner appeared at the hearing in opposition to the application.

(10) Approval of the proposed amendment will allow the applicant the opportunity to recover hydrocarbons which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

(11) Pursuant to Part (4) of the West Vacuum Unit Agreement, the applicant is in the process of obtaining approval for the proposed amendment from the Commissioner of Public Lands for the State of New Mexico.

(12) Approval of the proposed expansion should become effective as per the terms of Part (4) of the West Vacuum Unit Agreement and upon approval of such expansion from the Commissioner of Public Lands for the State of New Mexico.

(13) The applicant should be required to file with the Division copies of the "Amendment to the Unit Agreement for the West Vacuum Unit Area" executed by the various working interest owners in said unit.

IT IS THEREFORE ORDERED THAT:

(1) The application of Texaco Inc. for an amendment to the West Vacuum Unit Agreement, originally approved by Division Order No. R-3007, to provide for expansion of the "Unitized Interval" is hereby granted.

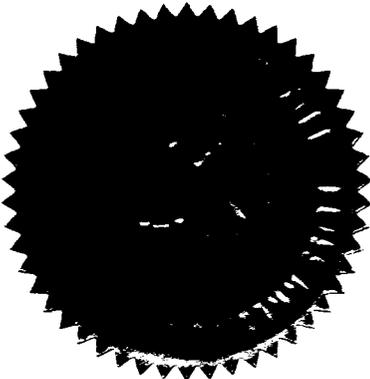
(2) The "Unitized Interval" shall hereinafter comprise portions of the Queen, Grayburg and San Andres formations which occur between the log depths, measured from the derrick floor, of 4,004 feet and 4,774 feet in the Texaco Inc. West Vacuum Unit Well No. 13 located 330 feet from the North line and 660 feet from the East line (Unit A) of Section 34, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, as shown on the Gamma Ray-Neutron Log run on said well.

(3) The expansion of the "Unitized Interval" shall become effective as per the terms of Part (4) of the West Vacuum Unit Agreement and upon approval of such expansion from the Commissioner of Public Lands for the State of New Mexico.

(4) The applicant shall file with the Santa Fe Office of the Division copies of the "Amendment to the Unit Agreement for the West Vacuum Unit Area" executed by the various working interest owners in said unit.

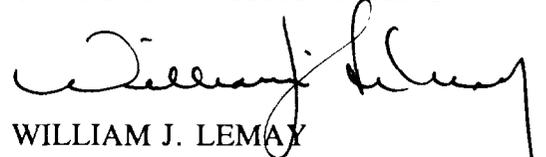
(5) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3344
Order No. R-3007

APPLICATION OF TEXACO INC. FOR
APPROVAL OF THE WEST VACUUM UNIT
AGREEMENT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 23, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of December, 1965, 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, Texaco Inc., seeks approval of the West Vacuum Unit Agreement covering 2000 acres, more or less, of State land described as follows:

LEA COUNTY, NEW MEXICO

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 28: S/2 NW/4, N/2 SW/4, and
SW/4 SW/4

Section 33: All

Section 34: All

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 3: NE/4, N/2 NW/4, SE/4 NW/4,
and NE/4 SE/4

Section 4: N/2 N/2

Section 5: NE/4 NE/4

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the West Vacuum Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) 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.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary