

CASE 6657: PETROLEUM DEVELOPMENT CORP-  
ORATION FOR RESCISSION OF SPECIAL POOL *ation*  
RULES, EDDY COUNTY, NEW MEXICO

CASE NO.

6657

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

October 11, 1979

Mr. Charles W. Sanders  
Vice President  
Petroleum Development Corporation  
9720-B Candelaria, NE  
Albuquerque, New Mexico 87112

Re: CASE NO. 6657  
ORDER NO. R-6132

**Applicant:**

**Petroleum Development Corporation**

Dear Sir:

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

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

**Other**

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6657  
Order No. R-6132

APPLICATION OF PETROLEUM DEVELOPMENT  
CORPORATION FOR THE RESCISSION OF  
SPECIAL POOL RULES, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 19, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of October, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Petroleum Development Corporation, seeks the rescission of the special pool rules for the South Hope-Pennsylvanian Gas Pool to provide for 320-acre spacing rather than 640 acres.
- (3) That by Order No. R-2598, dated October 30, 1963, temporary special rules and regulations were promulgated for the South Hope-Strawn Gas Pool, Eddy County, New Mexico, establishing temporary 640-acre spacing units.
- (4) That Order No. R-3662 redesignated said pool as the South Hope-Pennsylvanian Gas Pool effective February 1, 1969.
- (5) That by Order No. R-2598-A, dated February 9, 1970, the temporary pool rules for the South Hope-Pennsylvanian Gas Pool were made permanent.

-2-

Case No. 6657  
Order No. R-6132

(6) That all producing wells in the South Hope-Pennsylvanian Gas Pool were depleted and the pool abandoned prior to the end of 1973.

(7) That the applicant in this case proposes further exploration and development in the subject pool based on 320-acre spacing rather than the present 640-acre spacing, and the legal notice given for this case stated that in the absence of objection, the 640-acre pool rules would be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.

(8) That no objection to the rescission of said pool rules was received at the hearing, and the pool rules should be rescinded.

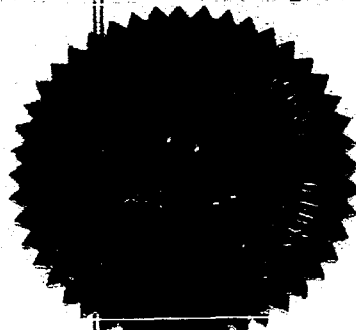
(9) That such rescission will not impair correlative rights nor cause waste, but in fact may prevent waste by causing the recovery of gas which otherwise would not be recovered.

IT IS THEREFORE ORDERED:

(1) That the special pool rules for the South Hope-Pennsylvanian Gas Pool in Eddy County, New Mexico, as promulgated by Order No. R-2598 and made permanent by Order No. R-2598-A, are hereby rescinded.

(2) That 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.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

SEAL

ed/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico  
19 September 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Petroleum Develop- )  
ment Corporation for the rescission )  
of special pool rules, Eddy County, )  
New Mexico. )

CASE  
6657

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2026 Plaza Blanca (666) 471-4462  
Santa Fe, New Mexico 87501

1 MR. NUTTER: We'll call next Case Number  
2 6657.

3 MR. PADILLA: Application of Petroleum  
4 Development Corporation for the rescission of special pool  
5 rules, Eddy County, New Mexico.

6 MR. NUTTER: This case has been advertised  
7 that in the absence of objection the pool rules for the  
8 South Hope-Pennsylvanian Gas Pool will be rescinded and the  
9 pool placed on standard 320-acre spacing for Pennsylvanian  
10 gas pools rather than the present 640-acre spacing.

11 Is there objection to this proposal?

12 Case Number 6657 will be taken under ad-  
13 visement and the pool rules will be rescinded.

14  
15 (Hearing concluded.)  
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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plum Street, S.W.  
Santa Fe, New Mexico 87501

## REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6657 heard by me on 9/19 1979.  
[Signature] Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2010 Plaza Blanca (SOS) 471-2412  
Santa Fe, New Mexico 87501



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico  
19 September 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Petroleum Develop-  
ment Corporation for the rescission  
of special pool rules, Eddy County,  
New Mexico.

CASE  
6657

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SOS) 471-9462  
Santa Fe, New Mexico 87501

1 MR. NUTTER: We'll call next Case Number  
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3 MR. PADILLA: Application of Petroleum  
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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (SSE) 471-4462  
Santa Fe, New Mexico 87501

## REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY  
CERTIFY that the foregoing and attached Transcript of  
Hearing before the Oil Conservation Division was reported  
by me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 4457  
heard by me on 9/19 1979.

 Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2026 Plaza Blanca (996) 471-4462  
San Jose, New Mexico 87501

Dockets Nos. 38-79 and 39-79 are tentatively set for October 2 and October 17, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - SEPTEMBER 25, 1979

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6495: (DE NOVO) (Continued from August 24, 1979, Commission Hearing)

Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

Upon application of Amax Chemical Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

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Docket No. 36-79

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 19, 1979

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6656: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Energy Oil & Gas Corp., The Travelers Indemnity Co., and all other interested parties to appear and show cause why the Sadler Well No. 1 located in Unit I of Section 3, Township 24 North, Range 29 East, Union County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6652: (Continued from September 5, 1979, Examiner Hearing)

Application of Shell Oil Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of a pressure maintenance project, all mineral interests in the North Hobbs Grayburg-San Andres Unit encompassing 10,650 acres, more or less, underlying all or portions of the following lands in Lea County, New Mexico: Sections 13, 14, 23, 24, 25, 26, and 36, Township 18 South, Range 37 East; Sections 17 through 21 and 27 through 34, Township 18 South, Range 38 East.

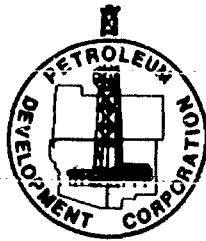
The unitized interval would be the Grayburg-San Andres Formation between the depths of 3,698 feet and 4,500 feet in Shell's State A Well No. 7, located in Unit H of Section 32, Township 18 South, Range 38 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations. (This case will be continued to the October 3, 1979, Commission Hearing.)

CASE 6653: (Continued from September 5, 1979, Examiner Hearing)

Application of Shell Oil Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its North Hobbs Grayburg-San Andres Unit, by the injection of water through 70 wells into the Grayburg-San Andres formation, and the adoption of special rules governing said project. (This case will be continued to the October 3, 1979, Commission Hearing.)

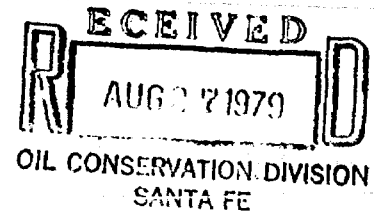
CASE 6657: Application of Petroleum Development Corporation for the rescission of special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the special pool rules for the South Hope-Pennsylvanian Gas Pool to provide for 320-acre spacing rather than 640 acres. In the absence of objection, the pool rules will be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.



# PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE  
ALBUQUERQUE, NEW MEXICO 87112  
TELEPHONE (505) 293-4044

August 24, 1979



Mr. Joe D. Ramey, Director  
OIL CONSERVATION COMMISSION  
PO BOX 2088  
Santa Fe, New Mexico 87501

Attn: Mr. Dan Nutter

Gentlemen:

RE: South Hope Pennsylvanian Field  
Order No. R-2598; Order No. R-2598A.

It is respectfully requested that the Commission schedule a hearing for the September 19, 1979 docket to consider changing proration unit requirement for the South Hope Pennsylvanian Field from 640 acres to 320 acres.

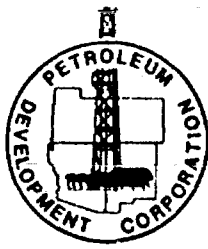
This request is in connection with the drilling of Petroleum Development Corporation's Amoco-McKay State #1, located 760' FEL and 1980' FSL of 25-18S-21E, Eddy County, New Mexico. The well will be drilled at a non-standard location with 640-acre dedication, but the plat will be re-filed for 320 acre dedication after the hearing.

Sincerely,  
PETROLEUM DEVELOPMENT CORPORATION

Charles W. Sanders, Vice President

CWS/pb  
Enc.

*Case 6657*



# PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE  
ALBUQUERQUE, NEW MEXICO 87112  
TELEPHONE (505) 293-4044

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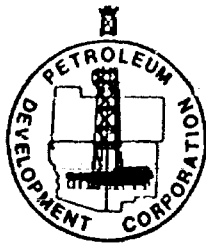
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Sincerely,  
PETROLEUM DEVELOPMENT CORPORATION

Charles W. Sanders, Vice President

CWS/pb  
Enc.

*Case 6657*



# PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE  
ALBUQUERQUE, NEW MEXICO 87112  
TELEPHONE (505) 293-4044

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OIL CONSERVATION COMMISSION  
PO BOX 2088  
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Attn: Mr. Dan Nutter

*Case 6657*

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Charles W. Sanders, Vice President

CWS/pb  
Enc.

ROUGH

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6657

Order No. R-6132

APPLICATION OF PETROLEUM DEVELOPMENT  
CORPORATION FOR THE RESCISSION OF  
SPECIAL POOL RULES, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 19  
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this            day of October, 19 79, the  
Division Director, 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 Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Petroleum Development Corporation, seeks  
the rescission of the special pool rules for the South Hope-  
Pennsylvanian Gas Pool to provide for 320-acre spacing rather than  
640 acres. ~~In the absence of objection, the pool rules will be  
rescinded and the pool placed on standard 320-acre spacing for  
Pennsylvanian gas pools rather than the present 640-acre spacing.~~

(3) That by Order No. R-2598, dated October 30  
19 63, temporary special rules and regulations were promulgated  
for the South Hope-Strawn Gas Pool, Eddy  
County, New Mexico, establishing temporary 640-acre spacing  
units.



<sup>4</sup>  
(~~3~~) That Order No. R-3662 redesignated said pool as the South Hope-Pennsylvanian Gas Pool effective February 1, 1969.

<sup>5</sup>  
(~~4~~) That <sup>by</sup> Order No. R-2598-A, dated February 9, 1970, the temporary pool rules for the South Hope-Pennsylvanian Pool were made permanent.

<sup>6</sup>  
(~~5~~) That all producing wells in the South Hope-Pennsylvanian Gas Pool were depleted and the pool abandoned prior to the end of 1973.

<sup>7</sup>  
(~~6~~) That the applicant in this case proposes further exploration and development in the subject pool based on 320-acre spacing rather than the present 640-acre spacing, and the legal notice given for this case stated that in the absence of objection, the 640-acre pool rules would be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.

<sup>8</sup>  
(~~7~~) That no objection to the rescission of said pool rules was received at the hearing, and the pool rules should be rescinded.

<sup>9</sup>  
(~~8~~) That such rescission will not impair correlative rights nor cause waste, but in fact may prevent waste by causing the recovery of gas which otherwise would not be recovered.

IT IS THEREFORE ORDERED:

(1) That the special pool rules for the South Hope Pennsylvanian Gas Pool in Eddy County, New Mexico, as promulgated by Order No. R-2598 and made permanent by Order No. R-2598-A, are hereby rescinded.

(2) That 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.