

**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. 12617
ORDER NO. R-11609**

**APPLICATION OF LEWIS B. BURLESON, INC. TO RESCIND DIVISION ORDER
NO. R-676, FOR A PLUGGING ORDER, AND FOR APPROVAL OF A 160-ACRE
NON-STANDARD GAS PRORATION UNIT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 22, 2001 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of July, 2001, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Division Order No. R-676, issued in Case No. 921 on August 17, 1955, a 320-acre non-standard gas spacing and proration unit comprising the W/2 of Section 11, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico, within the Jalmat Gas Pool, was established and had dedicated to it R. Olsen Oil Company's Cooper "G" Well No. 1 (**API No. 30-025-09542**), located in the center of the SW/4 of Section 11 (see Order No. 832, issued by the New Mexico Oil Conservation Commission on July 11, 1949), 1320 feet from the South and West lines (Unit K) of Section 11. Division records indicate that this well is open-hole completed throughout the Jalmat interval from 2,997 feet to 3,207 feet and produced from the Jalmat Gas Pool from 1949 to 1996 when it was shut-in by Meridian Oil Company.

(3) David H. Arrington ("Arrington") obtained ownership of the Cooper "G" Well No. 1 located 1320 feet from the South and West lines of Section 11 (hereinafter referred to as the "Arrington Cooper "G" Well No. 1") in September, 1996 (see NMOCD Form C-104 dated September 25, 1996).

(4) The applicant in this case, Lewis B. Burleson, Inc. ("Burleson"), seeks to establish a non-standard 160-acre gas spacing and proration unit comprising the SW/4 of Section 11 within the Jalmat Gas Pool. This unit is to be dedicated to Burleson's existing Cooper "G" Well No. 1 (**API No. 30-025-35344**), located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 11 (hereinafter referred to as the "Burleson Cooper "G" Well No. 1").

(5) The existing Burleson Cooper "G" Well No. 1 in Unit "N" of Section 11 is currently completed in the Langlie-Mattix Pool, and by recompleting this well into the Jalmat Gas Pool, the applicant expects to recover additional reserves left by the older well in the center of the SW/4 of Section 11.

(6) The applicant further seeks to rescind Division Order No. R-676 and to obtain from the Division an order requiring Arrington to properly plug off the Jalmat interval within the Arrington Cooper "G" Well No. 1.

(7) The rules and procedures currently governing the Jalmat Gas Pool include but are not necessarily limited to:

(i) the "*Special Rules and Regulations for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170, as amended;

(ii) Division Rule 605.B;

(iii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999;

(iv) Rule 1207.A (2); and

(v) the Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on December 15, 2000 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgement").

(8) Burleson currently owns 100 percent of the mineral interests underlying the SW/4 of Section 11 and therefore has the right to develop this acreage.

(9) The mineral interest within the SW/4 of Section 11 once owned by Arrington expired 90 days after the last date of production from the Arrington Cooper "G" Well No. 1; therefore, Arrington no longer owns an interest within the SW/4 of Section 11.

(10) Even though Meridian Oil Company ceased producing the Arrington Cooper "G" Well No. 1 in July, 1996, there is a wellhead and pump jack on the surface with rods and tubing in the hole. No actions have been taken by either Meridian Oil Company or Arrington to properly plug this well or to utilize it for some beneficial purpose.

(11) To further protect its interest and to adequately control Jalmat development within the SW/4 of Section 11, Burleson has approached Arrington to place a bridge plug above the Jalmat interval in order to isolate that zone. To date Arrington has not acted to comply to Burleson's request.

(12) Further, Arrington, who was notified by Burleson of this application, failed to appear at the hearing in opposition to the application. The applicant's request to isolate the Jalmat interval that is currently open in the Arrington Cooper "G" Well No. 1 is reasonable. Since there was no evidence to support keeping the Jalmat interval open within the Arrington Cooper "G" Well No. 1, Arrington should be ordered to properly plug the Jalmat interval within its Cooper "G" Well No. 1 in accordance with a program approved by the supervisor of the Division's Hobbs district office.

(13) The entire 160-acre non-standard proration unit proposed by the applicant may reasonably be presumed productive of gas from the Jalmat Gas Pool and the entire non-standard gas proration unit can be effectively and economically drained and developed by the aforementioned well.

(14) No interest owner and/or offset operator appeared at the hearing in opposition to the proposed non-standard 160-acre proration unit.

(15) Essentially the effect of the provisions of Division Order No. R-676 ceased at such time as the Arrington Cooper "G" Well No. 1 stopped producing from the Jalmat Gas Pool.

(16) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will result in the recovery of hydrocarbons that would otherwise be left in the ground and wasted, and will otherwise be in the best interest of conservation and the protection of correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Lewis B. Burleson, Inc. is hereby approved for a 160-acre non-standard proration unit in the Jalmat Gas Pool comprising the SW/4 of Section 11, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to applicant's existing Cooper "G" Well No. 1 (**API No. 30-025-35344**), located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 11.

(2) Division Order No. R-676, issued in Case No. 921 on August 17, 1955, is hereby placed in abeyance until further notice.

IT IS FURTHER ORDERED THAT:

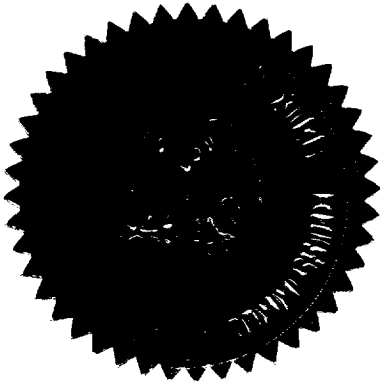
(3) David H. Arrington of Midland, Texas ("Arrington") is hereby ordered to place a bridge plug immediately above the Jalmat interval within Arrington's Cooper "G" Well No. 1 (**API No. 30-025-09542**), located in the center of the SW/4 of Section 11 (see Order No. 832, issued by the New Mexico Oil Conservation Commission on July 11, 1949) 1320 feet from the South and West lines (Unit K) of Section 11.

(4) Prior to plugging the Jalmat interval off within the above-described well, Arrington shall obtain from the supervisor of the Division's district office in Hobbs, an approved plugging program and shall notify the Hobbs District Office of the date and time this work is to commence whereupon the Division may witness such work.

(5) Failure to comply with the provisions of this order shall subject Arrington to a fine of \$1,000.00 per day per well until such work is completed (see Section 70-2-31, NMSA 1978).

(6) Jurisdiction of this case 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script that reads "Lori Wrotenbery".

LORI WROTENBERY
Director