

Entered March 19, 1980
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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. 6822
Order No. R-6293

APPLICATION OF MESA PETROLEUM CO.
FOR A GAS WELL CLASSIFICATION AND
UNORTHODOX LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 27, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of March, 1980, 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, Mesa Petroleum Co., seeks the classification of its Jog State Well No. 1 as a retrograde gas condensate well with 320-acre spacing.
- (3) That the applicant further seeks approval for the unorthodox location of said Jog State Well No. 1 in the center of Unit L of Section 2, Township 24 South, Range 32 East, the S/2 of said Section 2 to be dedicated to the well.
- (4) That the evidence presently available indicates that applicant's Jog State Well No. 1 has discovered a separate common source of supply which should be designated the West Double X-Wolfcamp Gas Pool; that the vertical limits of the pool should be the Wolfcamp formation, and that the horizontal

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limits of said pool should be as follows:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 32: S/2

(5) That while the evidence presented supported the applicant's claim that said West Double X-Wolfcamp Gas Pool is a retrograde condensate reservoir, such evidence was insufficient for both a permanent determination and establishment of proper rates of withdrawal from the pool.

(6) That a hearing should be scheduled within three months after the date of connection of said Jog State Well No. 1 or any other well in said West Double X-Wolfcamp Gas Pool connected prior thereto to permit the operator(s) therein to appear and present evidence demonstrating both the nature of the reservoir and proper rates of withdrawal therefrom.

(7) That the first operator in said West Double X-Wolfcamp Gas Pool to obtain a gas connection should notify the Director of the Division of the date of such connection.

(8) That pending any future order in this case, withdrawals from wells completed in the subject reservoir should be limited to some reasonable amount to avert waste and prevent reservoir damage.

(9) That pending such order, a reasonable maximum rate of withdrawal from each well in the West Double X-Wolfcamp Gas Pool is 400 MCF of gas per day at the surface so long as the wellhead flowing pressure is 4000 psig or greater.

(10) That any well in the West Double X-Wolfcamp Gas Pool with a wellhead flowing pressure of less than 4000 psig should be shut in pending further order of the Division.

(11) That an order based on the above findings is in the interest of conservation, will prevent waste, will not impair but will protect correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective March 1, 1980, a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated the West Double X-Wolfcamp Gas Pool, with vertical limits comprising the Wolfcamp formation and

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horizontal limits comprising the following-described area:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 32: S/2

(2) That temporary Special Rules and Regulations for the West Double X-Wolfcamp Gas Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE WEST DOUBLE X-WOLFCAMP GAS POOL

RULE 1. Each well completed or recompleted in the West Double X-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile of the West Double X-Wolfcamp Gas Pool, and not nearer to nor within the limits of another designated Wolfcamp pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the West Double X-Wolfcamp Gas Pool shall be located on a standard unit containing 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Land Surveys. Exceptions to this rule are subject to the provisions of Rule 104 D II of the Division Rules and Regulations.

RULE 3. Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract. Exceptions to this rule are subject to the provisions of Rule 104 F of the Division Rules and Regulations.

RULE 4. A gas well on a standard unit in the West Double X-Wolfcamp Gas Pool shall be permitted to produce no more than 400 MCF of gas per day at standard surface conditions and at a flowing wellhead pressure of not less than 4000 psig during the effective period of these pool rules. This shall be known as the daily allowable. Any well in said pool with a flowing wellhead pressure of less than 4000 psig shall be shut in and shall remain shut in pending further order of the Division.

RULE 5. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 6.

RULE 6. Gas-liquid ratio tests shall be taken on all wells during the months of April and October of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Division Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Division a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Division Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Division and offset operators.

RULE 7. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Division on Form C-125.

RULE 8. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Division district office of Division Forms C-104 and C-116, properly executed. The District Supervisor of the Division's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the amounts set forth in Rule 4 of these rules.

RULE 9. The West Double X-Wolfcamp Gas Pool gas proration period shall be the proration month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 10. (a) Any gas well which has an underproduced status at the end of any gas proration period, shall carry such underproduction into subsequent periods.

(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward but shall be cancelled. For the purpose of these rules, the monthly allowable shall be the daily allowable times the number of days in the month.

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(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with Paragraphs (a) and (b) above.

RULE 11. Any gas well which has an overproduced status at the end of any gas proration period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount exceeding three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 12. The allowable assigned to a well during any one month in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 13. The Division may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Division on Form C-115 so as to reach the Division on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 15. Each purchaser or taker of gas shall submit a report to the Division so as to reach the Division on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 16. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Division Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

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RULE 17. All transporters or users of gas shall file gas well connection notices with the Division as soon as possible after the date of connection.

IT IS FURTHER ORDERED:

(1) That the first operator in said West Double X-Wolfcamp Gas Pool to obtain a gas connection shall notify the Director of the Division of the date of such connection.

(2) That the Division shall schedule a hearing within three months after the date of connection of said Jog State Well No. 1 or any other well in said West Double X-Wolfcamp Gas Pool connected prior thereto to permit the operator(s) therein to appear and present evidence demonstrating both the nature of the reservoir and proper rates of withdrawal therefrom.

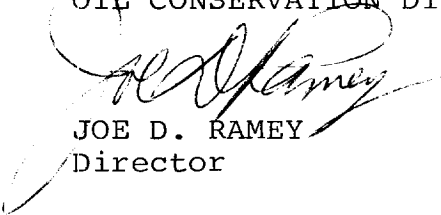
(3) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, existing wells in the West Double X-Wolfcamp Gas Pool shall have dedicated thereto 320 acres, in accordance with the foregoing pool rules or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 320 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 the well to cancellation of allowable.

(4) 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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