

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. 8874 (REOPENED)
ORDER NO. R-639-C-1

IN THE MATTER OF CASE 8874 BEING
REOPENED PURSUANT TO THE
PROVISIONS OF DIVISION ORDER NO. R-639-C,
WHICH ORDER RECLASSIFIED THE
CROSBY-DEVONIAN GAS POOL IN LEA COUNTY,
NEW MEXICO AS AN ASSOCIATED POOL AND
PROMULGATED SPECIAL PROVISIONS THEREIN.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 6, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 25th day of January, 1988, 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 Division Order No. R-639, dated May 29, 1955, the Crosby-Devonian Gas Pool was created and special pool rules were promulgated including a provision for 160-acre spacing and proration units.

(3) Pursuant to Division Order No. R-639-A, as amended, gas proration became effective in said pool on April 1, 1957, and was subsequently continued under the provisions of Division Order No. R-8170, as amended.

(4) By Division Order No. R-639-C, issued after hearing on July 23, 1986, and dated October 9, 1986, the Crosby-Devonian Gas Pool in Lea County, New Mexico was reclassified as an associated pool and redesignated the Crosby-Devonian Associated Pool.

(5) Said Order No. R-639-C also established temporary pool rules whereby said pool would be governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Southeast New

Mexico, promulgated by Division Order No. R-5353, as amended, and that oil wells be spaced on 40-acre proration units and gas wells be spaced on 160-acre proration units.

(6) Pursuant to the provisions of said Order No. R-639-C, this case was reopened to allow the operators in the subject pool to appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Order Nos. R-639, as amended, and R-8170, as amended.

(7) At the time of the July 23, 1986 hearing only two wells were producing from the subject pool, the Chevron U.S.A., Inc. G.W. Shahan Well No. 2 located 990 feet from the North line and 1650 feet from the East line (Unit B) of Section 33, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico and the Union Texas Petroleum Corporation Gregory El Paso Federal Well No. 1 located 660 feet from the South line and 1650 feet from the East line (Unit O) of said Section 33. The G.W. Shahan Well No. 2 produced no oil while the Gregory El Paso Federal Well No. 1 had a gas-oil ratio of approximately 9000 cubic feet of gas to one barrel of liquid hydrocarbons.

(8) Presently these two wells are the only wells producing from the subject pool and since that time no other wells have been drilled or completed in the subject pool.

(9) American Exploration Company (who acquired the Gregory El Paso Federal Well No. 1 in February, 1987) appeared at the hearing and requested a two year extension of time to the provisions as described in Finding Paragraph No. 6 above.

(10) American Exploration Company, at the time of the hearing, presented evidence sufficient to show that the production on the two aforementioned wells had no significant changes during the one year temporary period.

(11) All provisions set forth by said Order No. R-639-C should remain in full force and effect with the exception of Ordering Paragraph No. (4) which should be amended to read in its entirety as follows:

"(4) This case shall be reopened at an examiner hearing in January 1990, at which time the operators in the subject pool should be prepared to appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders Nos. R-639, as amended, and R-8170."

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IT IS THEREFORE ORDERED THAT:

(1) American Exploration Company's request for a two year time extension on the temporary provisions for the Crosby-Devonian Associated Pool is hereby granted.

(2) Ordering Paragraph No. (4) of Division Order No. R-639-C, dated October 9, 1986, is hereby amended to read in its entirety as follows:

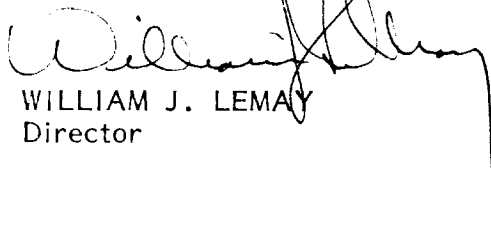
"(4) This case shall be reopened at an examiner hearing in January 1990, at which time the operators in the subject pool should be prepared to appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders Nos. R-639, as amended, and R-8170."

(3) All other provisions in said Order No. R-639-C shall remain in full force and effect until such time as an order is issued in this matter subsequent to the January 1990 hearing.

(4) 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


WILLIAM J. LEMAY
Director

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