

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. 8874
Order No. R-639-C

APPLICATION OF UNION TEXAS PETROLEUM
CORPORATION FOR POOL RECLASSIFICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 23, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of October, 1986, 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 27, 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, gas proration became effective in said pool on April 1, 1957 and continues presently under Division Order No. R-8170.
- (4) The vertical limits of said pool consist of the Devonian formation and the horizontal limits currently encompass the following acreage in Lea County, New Mexico.

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 20: SE/4
Section 21: SW/4
Section 28: All
Section 29: E/2
Section 32: NE/4
Section 33: All

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TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 3: NW/4
Section 4: N/2

(5) The applicant, Union Texas Petroleum Corporation, seeks the reclassification of the Crosby-Devonian Gas Pool as an associated pool and the promulgation of special pool rules including a provision for 160-acre oil and gas proration units and well locations.

(6) Presently there are two wells producing from the Crosby-Devonian Gas Pool, the Chevron USA Inc. G. W. Shahan Well No. 2 located 1980 feet from the North line and 330 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.

(7) Presently the G. W. Shahan Well No. 2 produces no oil while the Gregory El Paso Federal Well No. 1 has a gas-oil ratio of approximately 9000 cubic feet of gas to 1 barrel of liquid hydrocarbons.

(8) The applicant failed to provide sufficient evidence to show that an oil well would drain 160 acres in the Devonian formation.

(9) Said Crosby-Devonian Gas Pool should be reclassified as an associated pool for the production of oil and gas from the Devonian formation and designated the Crosby-Devonian Associated Pool.

(10) The evidence available at the time of the hearing indicates that said Crosby-Devonian Associated Pool may be efficiently and economically developed by oil wells on 40-acre spacing and proration units and by gas wells on 160-acre spacing and proration units.

(11) The evidence further indicates that oil wells in said pool should be located no closer than 330 feet to any quarter section or quarter-quarter section line and that gas wells should continue to be located no closer than 660 feet to any outer boundary of a 160-acre unit nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

(12) The application for special rules and regulations should be approved for a temporary period of one year to permit operators in the subject pool to gather additional reservoir information.

(13) This case should be reopened at an examiner hearing in October 1987, at which time the operators in the subject pool should be prepared to appear and show cause why said pool should not be reclassified as a gas pool to be governed by the rules set forth in Division Orders Nos. R-639, as amended, and R-8170.

(14) The provisions set forth by this Order should be made effective as of October 1, 1986.

IT IS THEREFORE ORDERED THAT:

(1) Effective October 1, 1986, the Crosby-Devonian Gas Pool in Lea County, New Mexico, and further described in Finding Paragraph No. (4) of this Order, is hereby reclassified as an associated pool and redesignated the Crosby-Devonian Associated Pool.

(2) Said Crosby-Devonian Associated Pool shall be governed by the General Rules and Regulations for the Associated Oil And Gas Pools of Southeast New Mexico, promulgated by Order No. R-5353, as amended, insofar as said General Rules and Regulations are not inconsistent with the Special Rules and Regulations for the subject pool as hereinafter set forth, in which event the Special Rules shall apply.

SPECIAL RULES AND REGULATIONS
FOR THE
CROSBY-DEVONIAN ASSOCIATED POOL

RULE 1. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to any outer boundary of the quarter-quarter section.

Gas wells drilled after the effective date of this order shall be located no closer than 660 feet to the outer boundary of a unit nor closer than 330 feet to any quarter-quarter section line or inner boundary.

IT IS FURTHER ORDERED THAT:

(3) Pursuant to Paragraph A. of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing gas wells in the Crosby-Devonian Associated Pool shall have dedicated thereto 160 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