

Entered August 4, 1980
GJR

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. 6962
Order No. R-6424

APPLICATION OF BTA OIL PRODUCERS
FOR SPECIAL POOL RULES AND POOL
EXTENSION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 9, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of August, 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, BTA Oil Producers, has completed its 7909 JV-P Well No. 1 located 1650 feet from the North line and 2510 feet from the West line of Section 18, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, as a gas well in the Devonian formation, producing through perforations from 14,660 feet to 14,708 feet.

(3) That said well is located approximately 1.5 miles south of the Continental Oil Co. Bell Lake Unit Well No. 6, which is in Unit 0 of Section 6 of said Township 23 South, Range 34 East, and for which the North Bell Lake-Devonian Gas Pool was created and defined by the Division March 1, 1962, comprising the SE/4 of said Section 6.

-2-

Case No. 6962

Order No. R-6424

(4) That the applicant seeks the extension of said North Bell Lake Devonian Gas Pool to include its 7909 JV-P Well No. 1, and further seeks the promulgation of special rules and regulations for said pool including a provision for 640-acre spacing and specified well locations.

(5) That the evidence presently available indicates that said Bell Lake Unit Well No. 6 and applicant's 7909 JV-P Well No. 1 are indeed both producing from a single common source of supply in the Devonian formation, and that said North Bell Lake-Devonian Gas Pool should be extended to take in said 7909 JV-P Well No. 1.

(6) That the evidence further indicates that one well in said North Bell Lake-Devonian Gas Pool is capable of draining 640 acres and that 640-acre spacing and proration units should be established for said pool with well locations for future wells to be no closer than 1650 feet to the outer boundary of the unit, nor closer than 330 feet to any quarter-quarter section line.

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

IT IS THEREFORE ORDERED:

(1) That the North Bell Lake-Devonian Gas Pool in Lea County, New Mexico, as heretofore created, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 6: N/2 and SW/4
Section 7: All
Section 18: All

(2) That Special Rules and Regulations for said North Bell Lake-Devonian Gas Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH BELL LAKE-DEVONIAN GAS POOL

RULE 1. Each well completed or recompleted in the North Bell Lake-Devonian Gas Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Division Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all

-4-

Case No. 6962
Order No. R-6424

operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Bell Lake-Devonian Gas Pool or in the Devonian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before September 1, 1980.

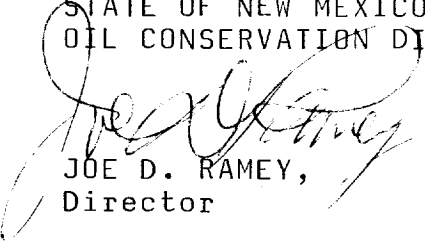
(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, existing wells in the North Bell Lake-Devonian Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing 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 640 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. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the North Bell Lake-Devonian Gas Pool or in the Devonian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) 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

S E A L

dr/