

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. 8690
Order No. R-8107

APPLICATION OF DOYLE HARTMAN FOR
COMPULSORY POOLING, A NON-STANDARD
PRORATION UNIT, TWO UNORTHODOX LOCA-
TIONS, AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 a.m. on October 9, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 14th day of January, 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 notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Doyle Hartman, seeks the following:

- (a) approval for and a finding that the drilling of two wells to be located at unorthodox well locations, the first of which is to be at least 1325 feet from the South line but not more than 1650 feet from the South line and at least 660 feet from the West line but not more than 850 feet from the West line of Section 22, and the second of which is to be at least 250 feet from the North line but not more than 990 feet from the North line and at least 660 feet from the West line but not more than 1980 feet from the West line of Section 27, all in Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie-Mattix Pool, is necessary to effectively and efficiently drain that portion of a 400-acre

non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 and W/2 SE/4 of Section 22 and the NW/4 and W/2 NE/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells thereon;

- (b) simultaneous dedication of all Jalmat gas wells currently located on said non-standard unit and the two proposed wells to be drilled thereon; and,
- (c) an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the above described non-standard proration unit.

(3) At the time of the hearing the applicant sought and received approval to amend the application as follows:

- (a) amend the location for the proposed well in said Section 22 to 1650 feet from the South line and 660 feet from the West line;
- (b) amend the location of the proposed well in said Section 27 to at least 250 feet but not more than 990 feet from the North line and at least 1325 feet but not more than 1980 feet from the West line; and,
- (c) dismissal of those portions of the case relating to the Langlie Mattix Pool and compulsory pooling.

(4) There was insufficient evidence upon which to make findings that the drilling of the two wells at unorthodox locations is necessary to effectively and efficiently drain the proration unit and that portion of the application should be denied.

(5) In forming the proposed non-standard gas proration unit, applicant is combining portions of two previously approved proration units, the first being a 320-acre non-standard unit comprising the S/2 of said Section 22 which was approved by Division Order No. R-766, dated March 14, 1956, and dedicated to the El Paso Natural Gas Company Carlson Federal Well No. 1 located in Unit L of said Section 22, and the second being a 160-acre non-standard unit comprising the NW/4 of said Section 27, simultaneously dedicated to two wells, formerly being Alpha 21 Production Company's Harrison Wells

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Nos. 2 and 3, located in Units D and E, respectively, of said Section 27.

(6) The aforesaid three wells which were dedicated to the two above-described proration units will be dedicated to the proposed 400-acre proration unit being sought in this case and will be renamed the Carlson-Harrison Federal Com Wells Nos. 1, 2, and 3, as described in Finding No. (2) above.

(7) The evidence at the hearing established that the entire proposed 400-acre proration unit is productive of gas from the Jalmat Gas pool, and said unit should be approved.

(8) The evidence at the hearing established that the aforesaid Carlson-Harrison Federal Com Wells Nos. 1 and 2 and probably the Carlson-Harrison Federal Com Well No. 3 are capable of producing gas from the Jalmat Gas pool. The applicant should keep said Wells Nos. 1 and 2 on production so long as it is economically feasible to do so, and should restore the aforesaid Carlson-Harrison Federal Com Well No. 3 to production if it is mechanically and economically feasible to do so.

(9) The applicant's recently completed Carlson-Harrison Federal Com Well No. 4, drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of Section 22, Township 25 South, Range 37 East, NMPM, is productive of gas from the Jalmat Gas pool, and its unorthodox location should be approved.

(10) The applicant's proposed Carlson-Harrison Federal Com Well No. 5 to be drilled at an as yet undesignated location not less than 250 feet nor more than 990 feet from the North line and not less than 1325 feet nor more than 1980 feet from the West line of Section 27, Township 25 South, Range 37 East, NMPM, if successful, should contribute additional reserves to the proposed proration unit, and its unorthodox location should be approved.

(11) The 400-acre non-standard proration unit requested by the applicant and described in Finding No. (2) above should be approved, as should the simultaneous dedication of said unit to applicant's Carlson-Harrison Wells Nos. 1, 2, 3, and 4, located in Unit L of Section 22, Units D and E of Section 27, and in Unit L of Section 22, respectively, and to his proposed Carlson-Harrison Well No. 5, to be located in Unit C of Section 27, all in Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

(12) The operator of certain wells to the West of the proposed proration unit appeared at the hearing and objected to the applicant's proposal unless applicant's Carlson-Harrison Federal Com Well No. 4, located 1650 feet from the South line and 660 feet from the West line of Section 22, Township 26 South, Range 37 East, is restricted to produce not more than 1/5 of the total production attributable to the proposed 400-acre unit.

(13) At the time of the hearing, said Well No. 4 was completed in the best portion of the reservoir under the proposed proration unit and enjoyed the greatest productivity of the wells thereon.

(14) While the evidence established that the entire non-standard unit could reasonably be presumed productive of gas from the Jalmat Gas Pool, with the completion of said Well No. 5, only the Westernmost 240 acres of said unit would be developed.

(15) There are no Jalmat Gas Pool wells currently completed to the East of the proposed non-standard unit which could quantify the productive potential thereof or drain gas from thereunder.

(16) Without a limitation on production, a substantial proration of the non-standard unit's allowable could be produced from said Well No. 4.

(17) The location of well No. 4 combined with production of such substantial portions of the non-standard unit's allowable could result in drainage of gas from offsetting proration units, without compensating counter drainage, thereby violating the correlative rights of the offset operators.

(18) To protect correlative rights, the production from said Well No. 4 should be limited in one of the following ways:

- (a) limit the production from said Wells Nos. 1 and 4 to a 120-acre allowable equivalent; or
- (b) limit the production from the entire unit to a 240-acre allowable equivalent.

(19) Subject to allowable limitations to be established under Finding No. (18) above, approval of the proposed 400-acre unit, the unorthodox locations, and simultaneous dedication of the unit to the five wells as proposed, will not impair correlative rights nor cause waste and should be granted; provided however, that the applicant should be required to

cause his proposed Carlson-Harrison Federal Com Well No. 5 to be drilled and completed within six months from the date of this order, and should maintain all five of the proposed unit wells on production for as long as it is economically and mechanically feasible to do so.

IT IS THEREFORE ORDERED THAT:

(1) The application of Doyle Hartman for a 400-acre non-standard gas proration unit comprising the W/2 SW/4 and W/2 SE/4 of Section 22 and the NW/4 and W/2 NE/4 of Section 27, all in Township 25 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, is hereby approved, said unit to be simultaneously dedicated to applicant's Carlson-Harrison Federal Com Wells Nos. 1, 2, and 3, located in Unit L of said Section 22 and Units D and E, respectively, of said Section 27, and to his Carlson-Harrison Federal Com Well No. 4, at an unorthodox location, hereby approved, 1650 feet from the South line and 660 feet from the West line of said Section 22, and to his proposed Carlson-Harrison Federal Com Well No. 5, to be drilled at an unorthodox location, hereby approved, at least 250 feet but not more than 990 feet from the North line and at least 1325 feet but not more than 1980 feet from the West line of said Section 27.

(2) The applicant shall drill and complete the aforesaid Well No. 5 within six (6) months of the date of this order, and shall file a "Completion Report", re: Case 8690, with the Division Director within fifteen (15) days after such completion. If said well is not capable of production from the Jalmat Gas Pool in paying quantities, this case shall be reopened for entry of such further order as may be necessary and appropriate.

(3) The applicant shall make all reasonable effort to restore the Carlson-Harrison Federal Com Well No. 3 to production, and shall maintain all five wells dedicated to the hereinapproved 400-acre proration unit on production for so long as it is economically and mechanically feasible to do so.

(4) Within 30 days following entry of this order the applicant shall, in writing, select an allowable limitation to be applied to either said Wells Nos. 1 and 4 or the 400-acre non-standard gas proration unit in compliance with option (a) or (b) of Finding No. (18) of this order.

(5) That portion of the subject application seeking infill findings is hereby denied.

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(6) That portion of this case relating to the Langlie-Mattix Pool and that portion relating to compulsory pooling are hereby dismissed.

(7) Division Order No. R-766, dated March 14, 1956, is hereby rescinded.

(8) 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


R. L. STAMETS,
Director

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