

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. 8798  
Order No. R-8182

APPLICATION OF AMERIND OIL  
COMPANY FOR POOL CONTRACTION,  
POOL CREATION, AND SPECIAL  
POOL RULES, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 9, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11th day of March, 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) The applicant, Amerind Oil Company, seeks the creation of a new Strawn oil pool consisting of the W/2 NE/4 of Section 33, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, and further seeks the contraction of the Casey-Strawn Pool by the deletion therefrom of the NE/4 of said Section 33.

(3) The applicant further seeks the promulgation of special pool rules for said new Strawn pool, including a provision for 80-acre well spacing and proration units.

(4) The discovery well for said pool is the Amerind Oil Company Shipp Well No. 1 located 660 feet from the North line and 1980 feet from the East line of Section 33, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

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(5) Said Shipp Well No. 1, completed in December, 1985 through perforations in the well from approximately 11,259 feet to 11,332 feet, has discovered a new source of supply.

(6) The Casey-Strawn Pool should be contracted by the deletion therefrom of the following described acreage:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 33: NE/4

(7) A new oil pool for Strawn production should be created and designated the West Casey-Strawn Pool consisting of the following described acreage:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 33: W/2 NE/4

(8) In order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the West Casey-Strawn Pool.

(9) The temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(10) Temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(11) This case should be reopened at an examiner hearing in March, 1987, at which time the operators in the subject pool should be prepared to appear and show cause why the West Casey-Strawn Pool should not be developed on 40-acre spacing units.

(12) The effective date of this order should be March 11, 1986.

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IT IS THEREFORE ORDERED THAT:

(1) The Casey-Strawn Pool as heretofore defined and described in Lea County, New Mexico, is hereby contracted by the deletion therefrom of the following acreage:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 33: NE/4

(2) A new pool for Strawn production is hereby created and designated as the West Casey-Strawn Pool in Lea County with horizontal limits comprising the following described acreage:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 33: W/2 NE/4

(3) Effective March 11, 1986, temporary rules for the West Casey-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES FOR THE  
WEST CASEY-STRAWN POOL

RULE 1. Each well completed or recompleted in the West Casey-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn oil 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 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. For good cause shown, the Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard 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 if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

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The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the West Casey-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

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 another 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 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.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 445 barrels per day, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED THAT:

(1) The locations of all wells presently drilling to or completed in the West Casey-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn pool, are hereby approved; 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 April 1, 1986.

(2) Each well presently drilling to or completed in the West Casey-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within

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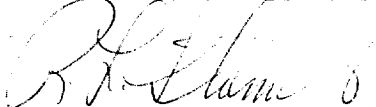
the limits of another designated Strawn pool, shall receive a 40-acre allowable until Form C-102 dedicating 80 acres to the well has been filed with the Division.

(3) This case shall be reopened at an examiner hearing in March, 1987, at which time the operators in the subject pool may appear and show cause why the West Casey-Strawn Pool should not be developed on 40-acre spacing units.

(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

  
R. L. STAMETS  
Director

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