

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. 8848
Order No. R-8329

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR NGPA WELLHEAD PRICE
CEILING CATEGORY DETERMINATIONS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 12, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 29th 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) The applicant, Amoco Production Company, seeks a determination by the Division that the following three wells in Township 19 South, Range 35 East, NMPM, Scharb-Bone Spring Pool, Lea County, New Mexico, meet the NGPA well category criteria for New Onshore Reservoir under Section 102, Category 4, of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- A) Elkan Well No. 3 located 1980 feet from the South and East lines (Unit J) of Section 9;
- B) Elkan Well No. 4 located 519 feet from the South line and 2121 feet from the West line (Unit N) of Section 9; and,
- C) State "MX" Well No. 1 located 660 feet from the North line and 710 feet from the West line (Unit D) of Section 15.

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(3) The Scharb-Bone Spring Pool was created by Division Order No. R-2201, effective April 1, 1962, with the vertical limits to include all of the Bone Spring formation.

(4) Between the time this pool was created and July, 1980, all of the wells designated to this pool were producing from the lower portion of the formation known as the Scharb zone.

(5) In July, 1980, the Southland Scharb 4 Well No. 1, located in the SW/4 SW/4 of Section 4, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, was completed in the upper portion of the Bone Spring formation known as the Elkan zone.

(6) The combined geological and engineering data presented at the time of the hearing indicates that the upper portion of the Bone Spring formation underlying said pool is isolated from the lower portion of said formation and should therefore be considered a new reservoir for NGPA purposes only.

(7) The subject wells in this case are each completed in the Elkan zone of the Scharb-Bone Spring Pool and the completed intervals correspond to the completed interval of the Southland Scharb 4 Well No. 1 as described in Finding Paragraph No. (5) above.

(8) The subject wells should therefore be approved for NGPA Section 102 Wellhead Pricing.

IT IS THEREFORE ORDERED THAT:

(1) The following three Amoco Production Company wells in Township 19 South, Range 35 East, NMPM, Scharb-Bone Spring Pool, Lea County, New Mexico, are completed in a new onshore reservoir as defined by the Natural Gas Pricing Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- A) Elkan Well No. 3 located 1980 feet from the South and East lines (Unit J) of Section 9;
- B) Elkan Well No. 4 located 519 feet from the South line and 2121 feet from the West line (Unit N) of Section 9; and,

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C) State "MX" Well No. 1 located 660 feet from the North line and 710 feet from the West line (Unit D) of Section 15.

(2) 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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