

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE No. 9147
Order No. R-8545

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR A NON-STANDARD OIL
PRORATION UNIT, LEA COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 15, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 17th day of November, 1987, 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, Phillips Petroleum Company, seeks approval of a 120-acre non-standard oil proration unit comprising the N/2 NW/4 and SW/4 NW/4 of Section 2, Township 19 South, Range 32 East, NMPM, Undesignated East Lusk-Bone Spring Pool, Lea County, New Mexico, to be dedicated to its State "1-2" Well No. 1, located at a standard oil well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 2.

(3) At the time of the hearing a representative for the New Mexico State Land Commissioner appeared, objected to, and presented testimony in this case.

(4) The subject well is within one mile of the East Lusk-Bone Spring Pool and is therefore subject to the special rules and regulations governing said pool as promulgated by Division Order No. R-4994, as amended, which order established 160-acre spacing and limited well locations for said pool.

(5) The subject well was plugged back and recompleted to the Bone Spring formation in February, 1987.

(6) Production from the Bone Spring formation in the subject well is nominal and appears to be producing from the outer fringe of the East Lusk-Bone Spring Pool.

(7) Evidence indicates that not all of the NW/4 of Section 2 is productive of oil from said pool and that this well is only capable of draining 40 acres.

(8) The applicant's request for a 120-acre unit for the subject well should be denied and a 40-acre non-standard oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of said Section 2 should be established in the East Lusk-Bone Spring Pool and dedicated to the subject well.

(9) An order issued in this case establishing a 40-acre unit will afford the applicant the opportunity to produce his just and equitable share of the oil in the Undesignated East Lusk-Bone Spring Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Phillips Petroleum Company for a 120-acre non-standard oil proration unit in the Undesignated East Lusk-Bone Spring Pool comprising the N/2 NW/4 and SW/4 NW/4 of Section 2, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, to be dedicated to its State "1-2" Well No. 1, located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 2, is hereby denied.

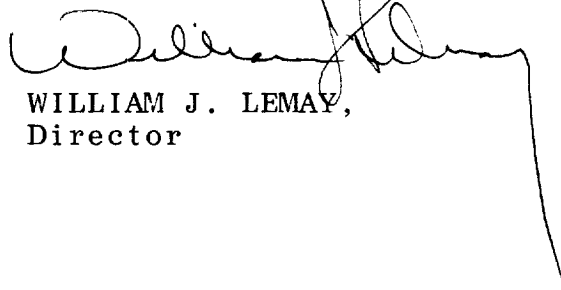
(2) A 40-acre non-standard oil spacing and proration unit in the Undesignated East Lusk-Bone Spring Pool comprising the SW/4 NW/4 (Unit E) of said Section 2 is hereby approved, said unit to be dedicated to the above-described well.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

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OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the printed name. A long, thin vertical line extends from the bottom of the signature down towards the bottom of the page.

WILLIAM J. LEMAY,
Director

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