



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

March 24, 2000

**Aspen Pumping  
33 West Blevins Road  
Artesia, New Mexico 88210  
Attention: James D. Adamson**

*Administrative Order NSP-1815(L)*

Dear Mr. Adamson:

Reference is made to: (i) the New Mexico Oil Conservation's ("Division") records in Santa Fe and Hobbs, including Division Case No. 8465; and (ii) a telephone conversation between Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe, and Ms. Donna Pitzer, Oil Conservation Staff Specialist in Hobbs, on Monday, March 20, 2000: all concerning the need to create a 240-acre non-standard gas spacing and proration unit within the Southeast Chaves-Queen Area Associated Pool consisting of the following acreage in order to facilitate the development of Queen oil and gas production within this area in a manner that conforms with the Division's applicable rules and procedures:

CHAVES COUNTY, NEW MEXICO  
TOWNSHIP 13 SOUTH, RANGE 30 EAST, NMPM  
Section 34: E/2 NW/4 and SW/4.

**The Division Finds That:**

(1) The Southeast Chaves-Queen Area Associated Pool comprises the following described area in Chaves County, New Mexico and is governed, in part, under the provisions of Rules 2 (a), 2 (b), and 5 (b) of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico/Special Rules and Regulations for the Southeast Chaves-Queen Area Associated Pool*", as promulgated by Division Order No. R-5353, as amended, which: (i) provides for oil wells to be developed on 40-acre spacing and proration units comprising a single governmental quarter-quarter section substantially in the form of a square, being a legal subdivision of the United States Public Land Surveys, and for such oil wells to be located no closer than 330 feet to the outer boundary of a spacing unit; (ii) provides for gas wells to be spaced on 320-acre units that consist of two contiguous quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental section, and for wells to be no closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary; and (iii) prohibits the simultaneous dedication of any acreage to an oil well with acreage assigned a gas well:

TOWNSHIP 12 SOUTH, RANGE 30 EAST, NMPM

Sections 1 through 36: All

TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM

Sections 1 through 34: All

Section 35: NW/4

TOWNSHIP 13 SOUTH, RANGE 30 EAST, NMPM

Sections 1 through 36: All

TOWNSHIP 13 SOUTH, RANGE 31 EAST, NMPM

Section 3: W/2 and SE/4

Sections 4 through 9: All

Sections 16 through 21: All

Sections 28 through 32: All

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM

Sections 1 through 36: All

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM

Sections 1 through 36: All

TOWNSHIP 14 SOUTH, RANGE 31 EAST, NMPM

Sections 5 through 7: All

Sections 18 and 19: All

Sections 30 and 31: All

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Sections 1 through 36: All

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Sections 1 through 36: All.

- (2) Division records indicate that:
- (i) the NW/4 NW/4 (Unit D) of Section 34, Township 13 South, Range 30 East, NMPM, Chaves County, New Mexico, being a standard 40-acre oil spacing and proration unit for the Southeast Chaves-Queen Area Associated Pool, is currently dedicated to Aspen Pumping's Walters "B"

Federal Well No. 2 (API No. 30-005-21051), located at a standard oil well location 990 feet from the North and West lines of Section 34; and

- (ii) the SW/4 NW/4 (Unit E) of Section 34, being a standard 40-acre oil spacing and proration unit for the Southeast Chaves-Queen Area Associated Pool, is currently dedicated to Aspen Pumping's Walters "B" Federal Well No. 1 (API No. 30-005-21016), located at an unorthodox oil well location (approved by Division Order No. R-7805, issued in Case No. 8465 to Bison Petroleum Corporation and dated February 1, 1985) 1980 feet from the North line and 1200 feet from the West line of Section 34.

(3) The Walters Federal Well No. 2 (API No. 30-005-20462), located, inherently at a location considered to be unorthodox, 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 13 South, Range 30 East, NMPM, Chaves County, New Mexico, was originally drilled in December, 1974 by Dalport Oil Corporation and completed as a gas well within the Southeast Chaves-Queen Area Associated Pool. On March 15, 1976 this well commenced producing when a gas connection was initially established. At that time a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 34 was formed (see copy of NMOCD Form C-102 dated October 12, 1974). The Division's records indicate that Dalport Oil Corporation operated this well until December 1982 when Bison Petroleum Corporation became the operator. Subsequently, Frostman Oil Corporation was named as operator on March 23, 1990; on May 22, 1991 Happy Oil Company was named operator; effective April 1, 1992 Frostman Oil Corporation was renamed as operator; and finally effective May 1, 1998 Aspen Pumping became operator.

(4) In 1985-86 Bison Petroleum Corporation drilled and completed both the above-described Walters "B" Federal Wells No. 1 and 2 as oil wells within the Southeast Chaves-Queen Area Associated Pool.

(5) The Division on its own accord should take such steps necessary to recognize and correct this inconsistency that was created in 1985 in order to assure that operations within the Southeast Chaves-Queen Area Associated Pool continue uninterrupted and in accordance to the Division's rules and regulations set forth in the *New Mexico Oil and Gas Act*, Chapter 70, Article 2 NMSA 1978.

**It Is Therefore Ordered That:**

A 240 acre non-standard gas spacing and proration unit within the Southeast Chaves-

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Queen Area Associated Pool comprising the following described acreage in Chaves County, New Mexico is hereby established and shall be dedicated to Aspen Pumping's Walters Federal Well No. 2 (API No. 30-005-20462), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 34:

TOWNSHIP 13 SOUTH, RANGE 30 EAST, NMPM  
Section 34: E/2 NW/4 and SW/4.

**It Is Further Ordered That:**

Aspen Pumping shall be permitted to produce the allowable assigned the subject non-standard gas spacing and proration unit in accordance with the applicable gas prorationing rules governing gas production from the Southeast Chaves-Queen Area Associated Pool based upon a unit size of 240 acres. Furthermore, jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Roswell