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Michael H. Feldewert

Recognized Specialist in the Area of
Natural Resources - Oil and Gas law -
New Mexico Board of Legal Specialization

August 19, 2003

VIA HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, NM 87505

8-20-2003 (am)
Met w/ Michael Feldewert
M.H.F.
New Mexico Case No.
13064

Re: **Application of Paladin Energy Corporation for Administrative Approval of an
Unorthodox Bottomhole Location**
State BTC Well No. 3
Section 35, T-~~12~~-S, R-33-E
Lea County, New Mexico

Dear Ms. Wrotenbery:

Paladin Energy Corporation (Paladin) seeks administrative approval pursuant to the provisions of Division Rule 104.F for an unorthodox bottomhole location in the Bagley Siluro-Devonian Pool. The Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool provide for standup 80-acre spacing units with wells to be located within 150 feet of the center of the northwest and southeast quarter sections thereof. The State BTC Well No. 3 is currently shut in at its present location 1980 feet from the South line and 660 feet from the West line (Unit L) in Section 35, Township ~~12~~ South, Range 33 East, N.M.P.M., Lea County, New Mexico. Paladin proposes to re-enter the State BTC Well No. 3, plug & abandon the original hole, sidetrack out of the intermediate casing at approximately 4000 feet, and drill a deviated hole directly southeast of the surface location to penetrate the Devonian formation at a bottomhole location no closer than 1668 feet from the South line and 972 feet from the West line. While this proposed bottomhole location will remain approximately 348 feet from the southern and eastern quarter quarter section lines, this location falls outside the 150-foot tolerance provided by the Special Pool Rules and therefore encroaches on the adjacent quarter quarter sections (Units K and M).

3990

The original well was drilled and completed in 1951 by Amerada Petroleum Corp in an open hole section of the lower Devonian formation at 10,895 to 10,965 feet. The well flowed or produced on rod pump until January 1963, when it was plug-backed and re-perforated at 10,814

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Ms. Lori Wrotenbery
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to 10,820 feet and 10,786 to 10,804 feet. In April 1989, perforations were added from 10,786 to 10,820 feet and the well was eventually placed on submersible pump. The last Devonian production was in January 1997, when the well was shut in with casing problems. Total cumulative production for the State BTC Well No. 3 was 2,294,129 BO, 16,406 MCF, 6,440,813 BW.

Paladin's proposed unorthodox location is required by depletion concerns and geologic conditions. Paladin proposes to re-enter the State BTC Well No. 3, plug & abandon the original hole, sidetrack out of the intermediate casing at approximately 4000' and drill a deviated hole penetrating about 200 feet into the Devonian formation. Paladin proposes to set 5-1/2" casing and selectively perforate, acidize and produce the Devonian on submersible pump. Because of the large amount of oil and water already produced from this location, Paladin seeks to gain structure up-dip of the original bottom hole location to avoid formation damage or the coning influence created by the large amount of fluid withdrawal in the original hole. Paladin hopes to drain bypassed oil reserves at its proposed unorthodox bottom hole location.

Exhibit A is a land locator map showing the surface location of the State BTC Well No. 3 in yellow. Exhibit B is a Devonian Structure Map showing the surface and proposed bottomhole location for this well. Paladin holds the state lease in this area, and is the operator of the 80-acre W/2 spacing unit where this well is located. The working interest is common throughout the W/2 80-acre spacing unit. In addition, Paladin is the only working interest owner in the E/2 80-acre spacing. As a result, there are no interest owners adversely affected by this application.

Because Paladin hopes to secure a drilling rig for this re-completion by mid-September, your prompt attention to this matter will be greatly appreciated.

Sincerely,

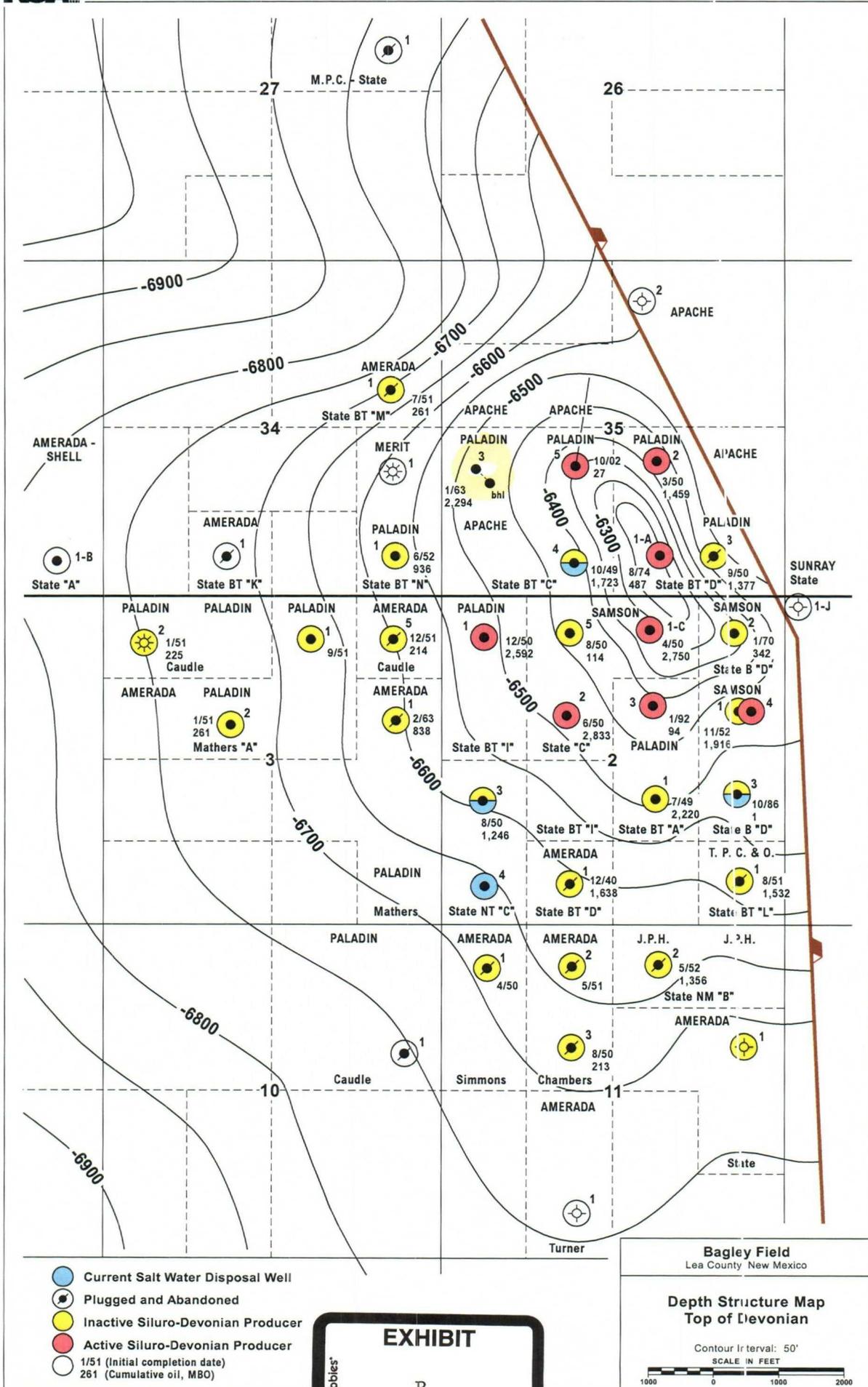


Michael H. Feldewert

MHF/jlp

cc: David Catanach, Hearing Examiner for Case No. 13064
Michael Stogner, Chief Examiner
George Fenton, Paladin Energy Corporation

Enclosures



- Current Salt Water Disposal Well
- Plugged and Abandoned
- Inactive Siluro-Devonian Producer
- Active Siluro-Devonian Producer
- 1/51 (Initial completion date)
261 (Cumulative oil, MBO)

EXHIBIT

B

Bagley Field
Lea County New Mexico

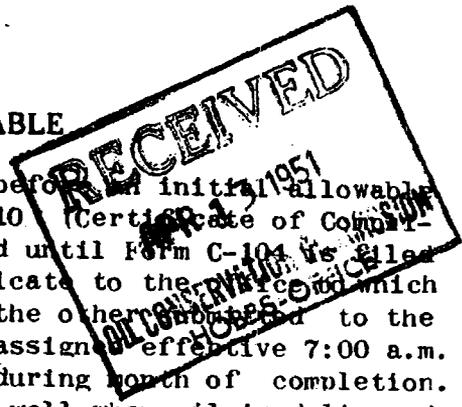
Depth Structure Map
Top of Devonian

Contour Interval: 50'
SCALE IN FEET

OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

REQUEST FOR (OIL)-(GAS) ALLOWABLE

It is necessary that this form be submitted by the operator before an initial allowable will be assigned to any completed oil or gas well. Form C-110 (Certificate of Compliance and Authorization to Transport Oil) will not be approved until Form C-104 is filed with the Commission. Form C-104 is to be submitted in triplicate to the Commission which Form C-104 was sent. Two copies will be retained there and the other copy sent to the Proration Office, Hobbs, New Mexico. The allowable will be assigned effective 7:00 a.m. on date of completion, provided completion report is filed during month of completion. The completion date shall be that date in the case of an oil well when oil is delivered into the stock tanks. Gas must be reported on 15.025 P.B. at 60° Fahrenheit.



Monument, New Mexico
Place

April 11, 1951
Date

WE ARE HEREBY REQUESTING AN ALLOWABLE FOR A WELL KNOWN AS:

Amerada Petroleum Corporation State BT "G" Well No. 3 in NW 1/4 SW 1/4
Company or Operator: Estate Lease 660' F.W.L. & 1980' P.S.L.
section 35, T. 11-S, R. 38-E, N.M.P.M. Bagley-Siluro/ Devonian Pool Lea County

Please indicate location: Elevation 4252' D.F. Spudded 12-15-50 Completed 4-4-51
R-38-E

	Sec. 35		
	o #3		

Total Depth 10965' P.B.
Top Oil/Gas Pay 10781' Top Water Pay
Initial Production Test: Pump Flow 2112 (BOPD OR CU. FT. GAS PER DAY)
Based on 616 Bbls. Oil in 7 Hrs. 0 Mins.
Method of Test (Pitot, gauge, prover, meter run):
Size of choke in inches 1/2"
Tubing (Size) 2-3/8" O.D. EUE @ 10960' Feet
Pressures: Tubing 125# Casing 700#
Gas/Oil Ratio 3 2 Gravity 46

Casing Perforations:

None - Open Hole from 10895' to 10965'

Acid Record: Show of Oil, Gas and water
500 Gals 10895' to 10965' S/ Oil
Gals to S/
Gals to S/
Shooting Record: S/
Qts to S/
Qts to S/
Qts to S/

Natural Production Test: Pumping Flowing
Test after acid or shot: Pumping 2112 Flowing

Please indicate below Formation Tops (in conformance with geographical section of state):

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy 1687'	T. Devonian 10726'	T. Ojo Alamo	
T. Salt 1758'	T. Silurian	T. Kirtland-Fruitland	
B. Salt	T. Montoya	T. Farmington	
T. Yates 2470'	T. Simpson	T. Pictured Cliffs	
T. 7 Rivers	T. McKee	T. Cliff House	
T. Queen	T. Ellenburger	T. Menefee	
T. Grayburg	T. Gr. Wash	T. Point Lookout	
T. San Andres 3732'	T. Granite	T. Mancos	
T. Glorieta	T.	T. Dakota	
T. Drinkard	T.	T. Morrison	
T. Tubbs	T.	T. Penn	
T. Abo 7250'	T.	T.	
T. Penn 8591'	T.	T.	
T. Miss 10247'	T.	T.	

District I
 PO Box 1980, Hobbs, NM 88210
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-10
 Revised October 18, 1999
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copy
 Fee Lease - 3 Copy

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-01017		² Pool Code 03990		³ Pool Name Bagley Siluro Devonian	
⁴ Property Code 19175		⁵ Property Name State BT C			⁶ Well Number 3
⁷ OGRID No. 004874		⁸ Operator Name Collins & Ware, Inc.			⁹ Elevation 4252' DF

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	35	11S	33E		1980	South	660	West	Lea

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>		
	Signature: Printed Name: Dianne Sumrall Title: Production Supervisor Date: 4/11/97		
	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>		
Date of Survey: _____ Signature and Seal of Professional Surveyer: _____ Certificate Number: _____			

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
AMERADA PETROLEUM CORPORATION FOR
AN ORDER ESTABLISHING PRORATION UNITS
AND UNIFORM SPACING OF WELLS FOR THE
BAGLEY SILURO-DEVONIAN POOL, LEA
COUNTY, NEW MEXICO

CASE No. 249
ORDER No. R-69

ORDER OF THE COMMISSION

BY THE COMMISSION

This matter came on for hearing at Santa Fe, New Mexico, on April 24, 1951, on the application of Amerada Petroleum Corporation to establish proration units and uniform spacing of wells for the Bagley Siluro-Devonian pool, in Lea County, New Mexico.

The Commission having heard the evidence presented and being fully advised,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of the subject matter and of the parties.
2. That the information now available indicates that one well will effectively drain an area of 80 acres and considering the shortage of casing and other tubular materials the Bagley Siluro-Devonian pool should be developed on 80-acre proration units for a period of one year.
3. That the probable productive limits of the Bagley Siluro-Devonian pool ascertainable from the information available at the time of the hearing in this case comprise the following land in Lea County, New Mexico.

All of section 34, T. 11 S, R. 33 E
NW/4 and S/2 section 35, T. 11 S, R. 33 E
N/2 and SE/4 section 3, T. 12 S, R. 33 E
All of section 2, T. 12 S, R. 33 E
E/2 NW/4 and N/2 NE/4 section 11, T. 12 S, R. 33 E

IT IS THEREFORE ORDERED:

1. That 80-acre proration units are hereby established for the Bagley Siluro-Devonian pool as delineated above, which shall comprise the west half and east half of each Governmental quarter section, except the following units, to-wit:

N/2 NW/4 section 35, T. 11 S, R. 33 E
S/2 NW/4 section 35, T. 11 S, R. 33 E
N/2 NW/4 section 3, T. 12 S, R. 33 E
S/2 NW/4 section 3, T. 12 S, R. 33 E

N/2 NE/4 section 2, T. 12 S, R. 33 E
SW/4 NE/4 and NW/4 SE/4 section 2, T. 12 S, R. 33 E
SE/4 NE/4 and NE/4 SE/4 section 2, T. 12 S, R. 33 E
S/2 SE/4 section 2, T. 12 S, R. 33 E
N/2 NE/4 section 11, T. 12 S, R. 33 E

2. All wells drilled into the Bagley Siluro-Devonian pool shall be located in the center of the northwest and the southeast quarters of each governmental quarter section, with a tolerance of 150 feet in any direction to avoid surface obstructions.

3. That no well shall be drilled or produced in said pool except in conformity with the spacing pattern set forth above without special order of the Commission after notice and hearing.

4. That all wells producing or hereafter completed in the Bagley Siluro-Devonian pool are hereby given an allowable equivalent to one and one-half times the top allowable for a 40-acre proration unit with the deep pool adaptation, as provided for in the rules and regulations of the Commission.

5. If any well is drilled as an exception to the well spacing pattern set forth above under special order of the Commission, the allowable for such well shall be the top allowable for a 40-acre proration unit with the deep pool adaptation, as provided by the rules and regulations of the Commission.

6. This order shall cover all of the Bagley Siluro-Devonian common source of supply and any extension thereof as may be determined by further development, and shall continue in force for a period of one year from the first day of May, 1951.

DONE this 1st day of May 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

R. R. SPURRIER, Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASES 249 AND 315
(Consolidated)
ORDER No. R-69-A

THE MATTER OF THE APPLICATION OF
AMERADA PETROLEUM CORPORATION
FOR AN ORDER ESTABLISHING PRORATION
UNITS AND UNIFORM SPACING OF WELLS
FOR THE BAGLEY-SILURO-DEVONIAN POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at Santa Fe, New Mexico, on April 24, 1951 and again on April 15, 1952, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 29th day of April 1952, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearings, and being fully advised in the premises,

FINDS:

(1) That due public notice has been given as required by law, and the Commission has jurisdiction of this cause and all the matters and things relating thereto.

(2) That heretofore, the Commission, by virtue of Order No R-69, to which reference is hereby made, established 80-acre proration units, establishing a spacing pattern, provided for an allowable equal to one and one-half times the top allowable for a 40-acre proration unit (with deep-pool adaptation), and provided for an exception to the 80-acre drilling pattern with adjustment of allowables.

(3) That Order No. 69, effective May 1, 1951, was a temporary Order, established for a period of one year.

(4) That geological and engineering data now available to the Commission indicates that one well apparently will drain 80 acres, and the Bagley-Siluro-Devonian pool should be developed on 80-acre proration units for a further period of one year.

Cases 249 and 315 (Consolidated)
Order No. R-69-A

(5) That information presented to the Commission indicates that the adoption of secondary-recovery methods at present is not necessary.

(6) That the operators in the Bagley-Siluro-Devonian pool should present to the Commission a monthly report showing complete production and reservoir information.

(7) That Order No. R-69 should be extended for a period of one year upon the conditions and limitations herein set forth.

IT IS THEREFORE ORDERED:

(1) That Order No. R-69, be, and it hereby is extended for a period of one year from the first day of May 1952, upon the following terms and conditions, to-wit:

(a) That each operator in the Bagley-Siluro-Devonian pool shall file with the Commission office at Santa Fe, New Mexico, on or before the 15th day of each and every month, a monthly tabulated report for each well showing the allowable, the actual oil production, the oil runs, water production, gas production, cumulative oil production, cumulative water production, and cumulative gas production. This requirement is in addition to and supplementary to the other reports and surveys presently required by the Commission, and is not in substitution or in lieu thereof.

(b) That said operators shall cause a pool-wide bottom-hole pressure survey to be taken during the months of July 1952, November 1952, and March 1953, and the results thereof reflecting such pressures of each well shall be submitted in writing to the Commission on or before the fifth day of the following month. (Bottom-hole pressure tests shall be taken as prescribed by Rule 302 of the Commission's Rules and Regulations.)

(c) At the regular Commission hearing for the month of April in 1953, the operators shall show cause why said pool shall not be placed on a 40-acre spacing pattern with allowable adjustment.

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

OIL CONSERVATION COMMISSION - Signed by: Edwin L. Mechem, Chairman;
Guy Shepard, Member; R. R. Spurrier, Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN RE: CASES 249 AND 315
(CONSOLIDATED) - TEMPORARY
80-ACRE SPACING IN THE BAGLEY-
SILURO-DEVONIAN POOL, LEA
COUNTY, NEW MEXICO.

ORDER No. R-69-B

INTERLOCUTORY ORDER

WHEREAS on the 29th day of April, 1952, the Oil Conservation Commission of New Mexico issued Order R-69-A as a temporary order for a period of one year from and after May 1, 1952, and

WHEREAS said order will expire by its own terms unless extended,
and

WHEREAS due notice to show cause why the Bagley-Siluro-Devonian Pool in Lea County, New Mexico, should not be placed on 40-acre spacing with allowable adjustment following expiration of Order R-69-A, was given all interested parties, returnable April 17, 1953, and each and all of the parties duly appeared on said date, and moved the Commission for continuance, and

Good cause therefor appearing,

IT IS THEREFORE ORDERED:

First, That said cause be, and the same hereby is continued to the next regularly advertised hearing of this Commission;

Second, That all the rights, obligations and duties included in and imposed by Order R-69-A dated April 29, 1952, be, and the same hereby are extended, and remain in full force and effect until the regular May 1953 hearing of the Commission, and the regular issuance thereafter of the Commission order in the premises, but in no event beyond June 1, 1953.

DONE at Santa Fe, New Mexico, this 20th day of April, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

E. S. Walker, Member

R. R. Spurrier, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 249
(Consolidated with Case No. 315)
Order No. R-69-C

THE MATTER OF THE APPLICATION OF
THE OIL CONSERVATION COMMISSION
UPON ITS OWN MOTION FOR AN ORDER
DIRECTED TO THE OPERATORS IN THE
BAGLEY-SILURO-DEVONIAN POOL, LEA
COUNTY, NEW MEXICO, TO SHOW CAUSE
WHY SAID POOL SHOULD NOT BE PLACED
ON 40-ACRE SPACING WITH ALLOWABLE
ADJUSTMENT, UPON EXPIRATION OF
TEMPORARY ORDER.

TEMPORARY ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on April 16 and for further hearing on May 19, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," upon order to show cause why the Bagley-Siluro-Devonian Pool should not be placed upon 40-acre spacing with allowable adjustment resulting from expiration of Temporary Orders R-69, R-69-A and R-69-B.

NOW, on this 21st day of May, 1953, the Commission, a quorum being present, having considered the testimony adduced and exhibits received at said hearings, and being fully advised in the premises,

FINDS:

- (1) That due notice having been given and proper service had upon the operators in said pool as required by law, and appearances being made, the Commission has jurisdiction of this cause.
- (2) That originally the Commission issued temporary Order R-69, effective May 1, 1951, to and including May 1, 1952, authorizing the development and production of the Bagley-Siluro-Devonian Pool on an 80-acre spacing pattern with 80-acre proration units, upon the theory that in such pool one well would effectively drain 80 acres, and for the further reason of the then existing shortage of tubular goods.
- (3) That thereafter and prior to the expiration of Order R-69, the Commission after due notice and hearing issued Order R-69-A, which granted an extension of

Case No. 249
Order No. R-69-C

Order R-69, as modified, for a period of one year from and after May 1, 1952.

(4) That testimony adduced at the May 19, 1953, hearing indicated that waste will be reduced and correlative rights preserved by a temporary one-year order modifying in certain respects previous requirements imposed by orders in the case, but authorizing 80-acre spacing of wells, and establishing 80-acre proration units in the Bagley-Siluro-Devonian Pool.

IT IS THEREFORE ORDERED:

(a) That 80-acre spacing of wells and establishment of 80-acre proration units in the Bagley-Siluro-Devonian Pool, Lea County, New Mexico, described as:

Township 11 South, Range 33 East, NMPM
All Section 34; NW/4 and S/2 Section 35

Township 12 South, Range 33 East, NMPM
N/2 and SE/4 of Section 3; all of Section 2;
E/2 NW/4 and N/2 NE/4 of Section 11

be, and the same is hereby authorized for the period of time from May 21, 1953, to and including June 1, 1954; such proration units to consist of the E/2 and the W/2 respectively of each governmental survey quarter section therein and the well location thereon shall be in the center (permissive tolerance 150 feet) of the northwest and southeast quarter sections thereof,

PROVIDED, HOWEVER, that the following described units do, and shall constitute permissible exceptions to the spacing and proration unit plan aforesaid:

Township 11 South, Range 33 East, NMPM
N/2 NW/4 of Section 35; S/2 NW/4 of Section 35

Township 12 South, Range 33 East, NMPM
N/2 NW/4 of Section 3; S/2 NW/4 of Section 3;
N/2 NE/4 of Section 2; SW/4 NE/4 and NW/4 SE/4 of
Section 2; SE/4 NE/4 and NE/4 SE/4 of Section 2;
S/2 SE/4 of Section 2;
N/2 NE/4 of Section 11

(b) That no well shall be drilled or produced in said pool except it be in conformity with the spacing and proration unit pattern hereinabove authorized unless, after notice and hearing, a special order of authorization is had and obtained from the Commission.

(c) That should any well be drilled off-pattern, under authority of any special order, then, and in that event, the same shall be entitled only to an allowable equal to that of a standard 40-acre proration unit with deep-pool adaptation as provided by

Commission rules. Nothing contained in this order shall be construed as requiring by the Commission the drilling of any wells at any location.

IT IS FURTHER ORDERED, That the Bagley-Siluro-Devonian Pool and the 80-acre proration units therein, hereby established and confirmed, be and the same hereby are granted an allowable for the duration of this order equal to the top allowable for wells in the Siluro-Devonian depth range, calculated by the use of the 80-acre proportional factor as provided for in Rule 505 of the Rules and Regulations of this Commission, together with the acreage factor, if any there be;

PROVIDED, HOWEVER, that no well in such pool will be assigned an allowable greater than the amount of oil produced on official gas-oil ratio tests during a 24-hour period in compliance with Rule 301 of the said Rules and Regulations.

IT IS FURTHER ORDERED:

(a) That each operator in the Bagley-Siluro-Devonian Pool be, and each of them hereby is required to file with the Commission at its office in Santa Fe, New Mexico (copies to Hobbs office) on or before the 15th day of each and every month during the term of this order a tabulated report covering each well operated by him for the preceding month; such reports shall show:

- (1) The Allowable
- (2) The actual oil production
- (3) The oil runs
- (4) Water production
- (5) Gas production
- (6) Cumulative oil, water and gas production;

provided, however, that such special reports aforesaid are supplementary of and in addition to regular reports and surveys now or hereafter required under the Rules and Regulations of the Commission.

(b) That each operator in said pool shall take or cause to be taken bottom-hole pressure tests of each producing well operated by him in said pool during the months of July, 1953, and January, 1954; the results of such tests shall be tabulated, and reflects the pressure of each well; the same shall be filed on or before the 5th day of August, 1953, and the 5th day of February, 1954, respectively, with the Commission at Santa Fe, New Mexico (with copy to Hobbs office); it is further provided, that such bottom-hole pressure tests shall be taken in conformity with the requirements of Rule 302 of the Commission's Rules and Regulations as revised. Should Form C-124 be used, the same should be designated as special Bagley-Siluro-Devonian Report, File Case 249.

IT IS FURTHER ORDERED:

(a) That this case be held open on the docket of the Commission for such further order or orders as may be necessary to meet arising situations adversely

Case No. 249
Order No. R-69-C

affecting the prevention of waste and/or protection of correlative rights; and,

(b) That not later than the regularly set hearing of the Commission for May 1954 the operators in said pool are hereby required to respond to an Order to Show Cause, to be issued by the Commission, why said pool should not be reverted to 40-acre spacing and standard proration units.

This order supersedes all previous temporary orders and interlocutory orders heretofore issued in this case.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 249
(Consolidated with Case No. 315)
Order No. R-69-D

THE MATTER OF THE APPLICATION OF
THE OIL CONSERVATION COMMISSION
UPON ITS OWN MOTION FOR AN ORDER
DIRECTED TO THE OPERATORS IN THE
BAGLEY-SILURO-DEVONIAN POOL, LEA
COUNTY, NEW MEXICO, TO SHOW CAUSE
WHY SAID POOL SHOULD NOT BE PLACED
ON 40-ACRE SPACING WITH ALLOWABLE
ADJUSTMENT, UPON EXPIRATION OF
TEMPORARY ORDER.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on May 19, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 30th day of June, 1954, the Commission, a quorum being present, having considered the testimony adduced and exhibits received at said hearings, and being fully advised in the premises,

FINDS:

- (1) That due notice having been given and proper service had upon the operators in said pool as required by law, the Commission has jurisdiction of this cause.
- (2) That originally the Commission issued Temporary Order R-69, effective May 1, 1951, to and including May 1, 1952, authorizing the development and production of the Bagley-Siluro-Devonian Pool on an 80-acre spacing pattern with 80-acre pro-rata units.
- (3) That thereafter and prior to the expiration of Order R-69, the Commission after due notice and hearing issued Order R-69-A, which granted an extension of Order R-69, as modified, for a period of one year from and after May 1, 1952.

Order No. R-69-D

(4) That thereafter and prior to the expiration of Order R-69-A as modified by Order R-69-B, the Commission after due notice and hearing issued Order R-69-C, effective June 1, 1953, to and including June 1, 1954, which authorized the development and production of the Bagley-Siluro-Devonian Pool on an 80-acre spacing pattern with 80-acre proration units.

(5) That for the prevention of waste and in the interests of conservation, the provisions of said Commission Temporary Order R-69-C, as hereinafter modified and set forth, should be made permanent.

IT IS THEREFORE ORDERED:

(a) That 80-acre spacing of wells and establishment of 80-acre proration units in the Bagley-Siluro-Devonian Pool, Lea County, New Mexico, described as:

Township 11 South, Range 33 East, NMPM
All Section 34; NW/4 and S/2 Section 35

Township 12 South, Range 33 East, NMPM
N/2 and SE/4 of Section 3; all of Section 2;
E/2 NW/4 and N/2 NE/4 of Section 11

be, and the same is hereby authorized; such proration units to consist of the E/2 and the W/2 respectively of each governmental survey quarter section therein and the well location thereon shall be in the center (permissive tolerance 150 feet) of the northwest and southeast quarter sections thereof.

PROVIDED, HOWEVER, that the following described units do, and shall constitute permissible exceptions to the spacing and proration unit plan aforesaid:

Township 11 South, Range 33 East, NMPM
N/2 NW/4 of Section 35; S/2 NW/4 of Section 35

Township 12 South, Range 33 East, NMPM
N/2 NW/4 of Section 3; S/2 NW/4 of Section 3;
N/2 NE/4 of Section 2; SW/4 NE/4 and NW/4 SE/4 of
Section 2; SE/4 NE/4 and NE/4 SE/4 of Section 2;
S/2 SE/4 of Section 2;
N/2 NE/4 of Section 11

(b) That no well shall be drilled or produced in said pool except it be in conformity with the spacing and proration unit pattern hereinabove authorized unless, after notice and hearing, a special order of authorization is had and obtained from the Commission.

(c) That should any well be drilled off-pattern, under authority of any special order, then, and in that event, the same shall be entitled only to an allowable equal to that of a standard 40-acre proration unit with deep pool adaptation as provided by Commission rules. Nothing contained in this order shall be construed as requiring

by the Commission the drilling of any wells at any location.

IT IS FURTHER ORDERED: That the Bagley-Siluro-Devonian Pool and the 80-acre proration units therein, hereby established and confirmed, be and the same hereby are granted an allowable equal to the top allowable for wells in the Bagley-Siluro-Devonian depth range, calculated by the use of the 80-acre proportional factor as provided for in Rule 505 of the Rules and Regulations of this Commission, together with the acreage factor, if any there be;

PROVIDED HOWEVER, that no well in such pool will be assigned an allowable greater than the amount of oil produced on official gas-oil ratio tests during a 24-hour period in compliance with Rule 301 of the said Rules and Regulations.

IT IS FURTHER ORDERED:

(a) That each operator in said pool shall take or cause to be taken bottom-hole pressure tests of each producing well operated by him in said pool during the months of July of each calendar year; the results of such tests shall be tabulated, and reflect the pressure of each well; the same shall be filed on or before the 5th day of August, of each calendar year, with the Commission at Santa Fe, New Mexico (with copy to Hobbs office); it is further provided, that such bottom-hole pressure tests shall be taken in conformity with the requirements of Rule 302 of the Commission's Rules and Regulations as revised.

This order supersedes all previous temporary orders and interlocutory orders heretofore issued in this case.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary and Member

S E A L

Sec : 35 Twp : 11S Rng : 33E Section Type : NORMAL

<p>D 40.00 RR E00026 0000 CHEVRON U S A INC 01/10/55 A</p>	<p>C 40.00 RR E00026 0000 CHEVRON U S A INC 01/10/55</p>	<p>B 40.00 RR E01347 0004 APACHE CORPORATIO 06/10/57 A</p>	<p>A 40.00 RR E01347 0004 APACHE CORPORATIO 06/10/57</p>
<p>E 40.00 RR E01347 0004 APACHE CORPORATIO 06/10/57</p>	<p>F 40.00 RR E01347 0004 APACHE CORPORATIO 06/10/57 A</p>	<p>G 40.00 RR E01347 0004 APACHE CORPORATIO 06/10/57</p>	<p>H 40.00 RR E01347 0004 APACHE CORPORATIO 06/10/57</p>
<p>L 40.00 RR E01347 0003 MONTGOMERY PETROL 06/10/57 A</p>	<p>K 40.00 RR E01347 0003 MONTGOMERY PETROL 06/10/57 A</p>	<p>J 40.00 RR E01811 0010 MONTGOMERY PETROL 04/10/58 A</p>	<p>I 40.00 RR E01811 0011 APACHE CORPORATIO 04/10/58</p>
<p>M 40.00 RR E01347 0004 APACHE CORPORATIO 06/10/57 A</p>	<p>N 40.00 RR E01347 0003 MONTGOMERY PETROL 06/10/57 A</p>	<p>O 40.00 RR E01811 0010 MONTGOMERY PETROL 04/10/58 A A</p>	<p>P 40.00 RR E01811 0010 MONTGOMERY PETROL 04/10/58 A</p>

