

~~Release June 5, 1985~~
Set for hearing

B, DEC

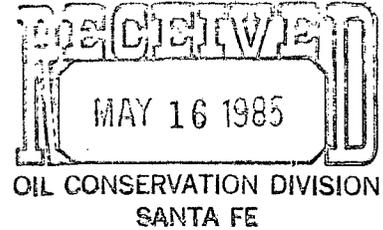


Amoco Production Company

Post Office Box 68
Hobbs, New Mexico 88240

L. R. Smith
District Manager

May 13, 1985



File: LRS-1024-WF

Re: Request for Administrative Approval
Unorthodox Location
State "FO" No. 3
NW/4 Section 32, T-13-S, R-34-E
Lea County, New Mexico

Case 8632

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: R. L. Stamets

In accordance with Rule 104-F of the State of New Mexico Rules and Regulations, Amoco Production Company seeks administrative approval for an unorthodox location for the captioned well.

The State "FO" No. 3, formerly the State "D" No. 3, was originally drilled as an orthodox location under Statewide Rule 104-C. Amoco now proposes recompleting the well to the Nonombre Upper Pennsylvanian Pool (Order No. R-2929-A, copy attached). This recompletion will subject the well to an unorthodox location under Special Pool Rule No. 4.

To help facilitate the processing of this request, we have attached the following:

- 1) A plat depicting the ownership of all leases and wells completed that offset the Lease.
- 2) A certified Form C-102 showing the surveyed well location.
- 3) A list of all operators of proration or spacing units offsetting the subject well.

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Further, Amoco has notified each offset operator, by certified mail, of this application, as evidenced by the attached copies of the certified mail receipts.

If you should require additional information regarding this matter, contact Nevin Gates at (505) 393-1781, Extension 250.

L. R. Smith 1564

NLG/sh
AFIN01-K

Attachments

cc: State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 1980
Hobbs, NM 88240

(McMILLAN-MORROW GAS POOL - Cont'd.)

South, Range 26 East, and all of Sections 7 and 18, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) That temporary Special Rules and Regulations for the McMillan-Morrow Gas Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
McMILLAN-MORROW GAS POOL**

RULE 1. Each well completed or recompleted in the McMillan-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas 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 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-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 proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no

objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the McMillan-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before July 1, 1965.

(2) That each well presently drilling to or completed in the McMillan-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive a 320-acre allowable until a Form C-102 dedicating 640 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the McMillan-Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the McMillan-Morrow Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the McMillan-Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

**NONOMBRE-UPPER PENNSYLVANIAN POOL
NONOMBRE-LOWER PENNSYLVANIAN POOL
Lea County, New Mexico**

Order No. R-2929, Creating and Adopting Temporary Operating Rules for the Nonombre-Upper Pennsylvanian and Nonombre-Lower Pennsylvanian Pools, Lea County, New Mexico, June 15, 1965.

Order No. R-2929-A, July 27, 1966, makes permanent the temporary rules adopted in Order No. R-2929.

Application of Midwest Oil Corporation for the Creation of Two New Oil Pools, and for Special Pool Rules, Lea County, New Mexico.

CASE NO. 3259
Order No. R-2929

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on June 9, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

(NONOMBRE-UPPER PENNSYLVANIAN AND NONOMBRE-LOWER PENNSYLVANIAN POOLS - Cont'd.)

NOW, on this 15th day of June, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Midwest Oil Corporation, seeks the creation of two new oil pools for Pennsylvanian production for its dually completed State "C" Well No. 1 located in Unit K of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico, and the promulgation of special rules and regulations for said pools, including provision for 160-acre spacing units and fixed well locations.

(3) That said State "C" Well No. 1 has discovered a separate common source of supply which should be designated the Nonombre-Upper Pennsylvanian Pool; that the vertical limits of said pool should be the zone encountered in said well between 10,344 and 10,360 feet; and that the horizontal limits of said pool should be the SW/4 of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

(4) That said State "C" Well No. 1 encountered a separate common source of supply which should be designated the Nonombre-Lower Pennsylvanian Pool; that the vertical limits of said pool should be the zone encountered in said well between 10,694 and 10,719 feet; and that the horizontal limits of said pool should be the SW/4 of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

(5) That 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 160-acre spacing units should be promulgated for the Nonombre-Upper Pennsylvanian Pool and the Nonombre-Lower Pennsylvanian Pool.

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

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

(8) That this case should be reopened at an examiner hearing in July, 1966, at which time the operators in the subject pools should be prepared to appear and show cause why the Nonombre-Upper Pennsylvanian Pool and the Nonombre-Lower Pennsylvanian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Upper Pennsylvanian production, is hereby created and designated the Nonombre-Upper Pennsylvanian Pool with vertical limits comprising the zone encountered

in the Midwest Oil Corporation State "C" Well No. 1 located in Unit K of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico, between the interval from 10,344 to 10,360 feet, and horizontal limits comprising the SW/4 of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) That a new pool in Lea County, New Mexico, classified as an oil pool for Lower Pennsylvanian production, is hereby created and designated the Nonombre-Lower Pennsylvanian Pool with vertical limits comprising the zone encountered in said State "C" Well No. 1 between 10,694 feet and 10,719 feet, and horizontal limits comprising the SW/4 of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That temporary Special Rules and Regulations for the Nonombre-Upper Pennsylvanian Pool and for the Nonombre-Lower Pennsylvanian Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
NONOMBRE-UPPER PENNSYLVANIAN POOL
AND THE
NONOMBRE-LOWER PENNSYLVANIAN POOL**

RULE 1. Each well completed or recompleted in the Nonombre-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Upper Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

Each well completed or recompleted in the Nonombre-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Lower Pennsylvanian 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 160 acres, more or less, comprising a governmental quarter section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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 Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of either the northeast quarter or the southwest quarter of a governmental quarter section.

RULE 5. The Secretary-Director may grant an exception to the footage 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, provided the well will be located no nearer than 330 feet to the outer boundary of the

(NONOMBRE-UPPER PENNSYLVANIAN AND NONOMBRE-LOWER PENNSYLVANIAN POOLS - Cont'd.)

unit. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 7.67 for allowable purposes, and in the event there is more than one well on a 160-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 160 acres.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Nonombre-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof and any well presently drilling to or completed in the Nonombre-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before July 1, 1965.

(2) That each well presently drilling to or completed in the Nonombre-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof and any well presently drilling to or completed in the Nonombre-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 160 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in July, 1966, at which time the operators in the subject pools may appear and show cause why the Nonombre-Upper Pennsylvanian Pool and the Nonombre-Lower Pennsylvanian Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

**TOBAC-PENNSYLVANIAN POOL
Chaves County, New Mexico**

Order No. R-2685, Creating and Adopting Temporary Operating Rules for the Tobac-Pennsylvanian Pool, Chaves County, New Mexico, April 1, 1964.

Order No. R-2685-A, May 6, 1965, makes permanent the temporary rules adopted in Order No. R-2685.

Application of Cabot Corporation for the Creation of a New Oil Pool and for Special Pool Rules, Chaves County, New Mexico.

CASE NO. 3003
Order No. R-2685

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on March 11, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 31st day of March, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Cabot Corporation, seeks the creation of a new oil pool for Pennsylvanian production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 80-acre proration units.

(3) That the Signal State Well No. 1, located in Unit A of Section 29, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico, has discovered a separate common source of supply which should be designated the Tobac-Pennsylvanian Pool; that the vertical limits of said pool should be the Pennsylvanian formation and the horizontal limits of said pool should be the SE/4 of Section 20, the SW/4 of Section 21, the NW/4 of Section 28, and the NE/4 of Section 29, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico.

(4) That 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 Tobac-Pennsylvanian Pool.

(5) That 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.

(6) That the top of the perforations in the Pennsylvanian formation in the Signal State Well No. 1 is at 9058 feet; that the special rules and regulations should therefore provide for an 80-acre proportional factor of 4.77 for allowable purposes.

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

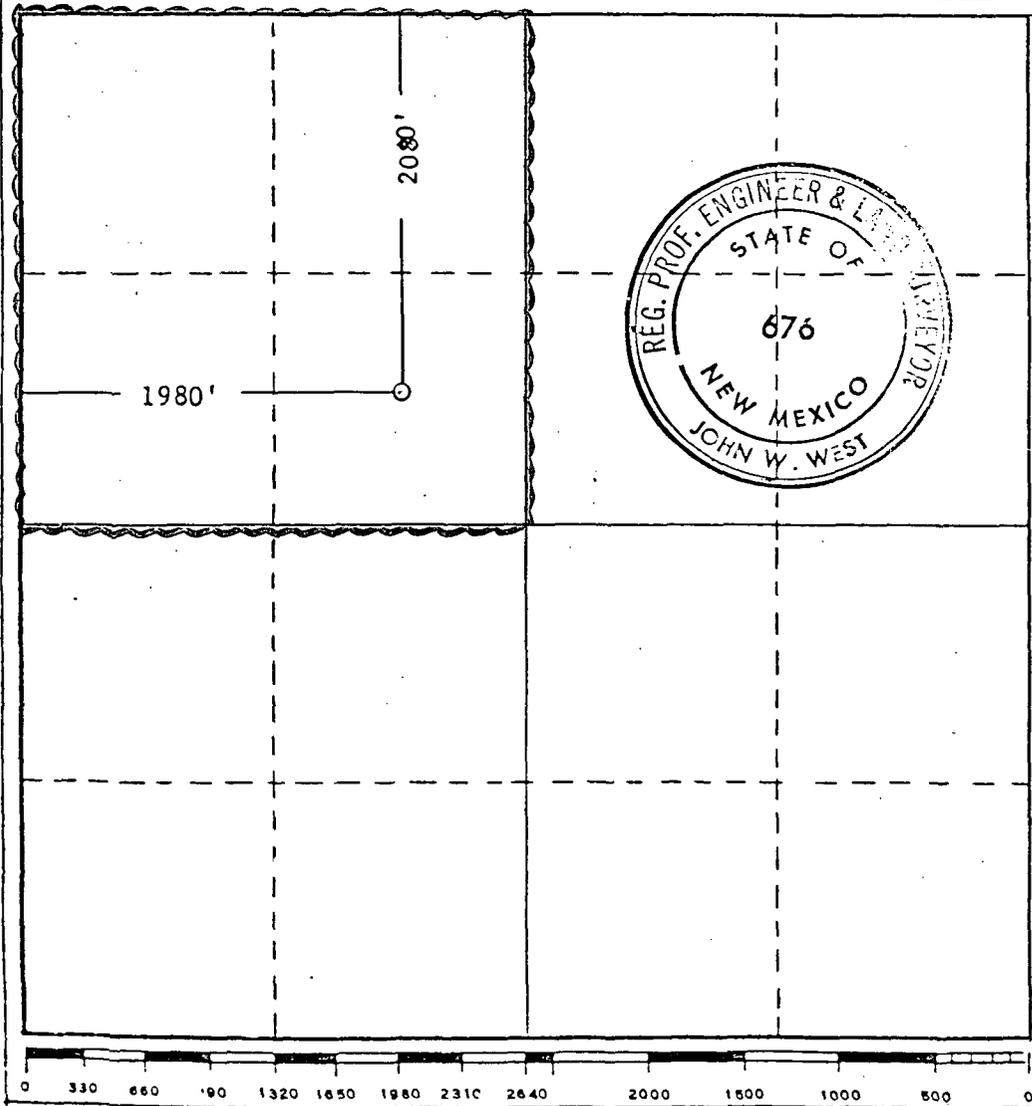
Operator MIDWEST OIL CORP.		Lease STATE D		Well No. 3
Unit Letter F	Section 32	Township 13 SOUTH	Range 34 EAST	County LEA
Actual Well Location of Well: 2080 feet from the NORTH line and 1980 feet from the WEST line				
Ground Level Elev. 4157.6	Producing Formation UPPER PENN	Pool NONOMBRE UPPER PENN	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name	<i>John L. Jeter</i>
Position	Administrative Analyst
Company	Amoco Production Company
Date	13 May 1985
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 knowledge and belief.	
Date Surveyed	Nov. 4, 1966
Registered Professional Engineer and/or Land Surveyor	
<i>John W. West</i>	
Certificate No.	676

OFFSET OPERATORS ADDRESSEE LIST

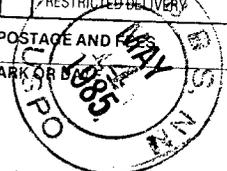
Yates Petroleum Corporation
207 South Fourth St.
Artesia, NM 88210

NLG/tjt
APRD01-LLL

P 267 162 739

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO		YATES PETROLEUM CORP.	
STREET AND NO.		207 SOUTH 4TH ST.	
P.O., STATE AND ZIP CODE		ARTESIA, NM 88210	
POSTAGE		\$2.22	
CONSULT POSTMASTER FOR FEES	OPTIONAL SERVICES	CERTIFIED FEE	75
		SPECIAL DELIVERY	c
		RESTRICTED DELIVERY	c
	RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	c
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	c
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	c
		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	70
TOTAL POSTAGE AND FEES		\$1.67	
POSTMARK OR CANCELLATION			

PS Form 3800, Apr. 1976