

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. 3157
Order No. R-2819
APPLICATION OF THE PURE OIL COMPANY
FOR A DUAL COMPLETION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION
BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 24, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of December, 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, The Pure Oil Company, seeks authority to complete its Red Hills Unit Well No. 1, located 330 feet from the South line and 2310 feet from the East line of Section 32, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico, as a dual completion (conventional) to produce gas from the Wolfcamp and Pennsylvanian formations through parallel strings of 2 7/8-inch tubing, with separation of zones by a packer set at approximately 13,730 feet.

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That approval of the subject application will prevent waste and protect correlative rights.

CASE No. 3157

Order No. R-2819

IT IS THEREFORE ORDERED:

(1) That the applicant, The Pure Oil Company, is hereby authorized to complete its Red Hills Unit Well No. 1, located 330 feet from the South line and 2310 feet from the East line of Section 32, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico, as a dual completion (conventional) to produce gas from the Wolfcamp and Pennsylvanian formations through parallel strings of 2 7/8-inch tubing, with separation of zones by a packer set at approximately 13,730 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-in Pressure Test Period for the Pennsylvanian formation.

(2) 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.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

Submit to Appropriate District Office
 Lease - 6 copies
 Lease - 5 copies

RECEIVED

'90 NOV 20 AM 9 05

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 100 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)
30-025-21036

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 K-1459

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work:
 DRILL RE-ENTER DEEPEN PLUG BACK
 Type of Well:
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

7. Lease Name or Unit Agreement Name
 Red Hills Unit

Name of Operator
 Union Oil Company of California

8. Well No.
 1

Address of Operator
 P. O. Box 671 - Midland, TX 79702

9. Pool name or Wildcat
 Red Hills Penn (Gas)
 Red Hills (Wolfcamp)

Well Location
 Unit Letter O : 330 Feet From The south Line and 2310 Feet From The east Line

Section 32 Township 25-S Range 33-E NMPM Lea County

10. Proposed Depth
 21,321'
 11. Formation
 Dev./Penn.-Atoka
 12. Rotary or C.T.

Elevations (Show whether DF, RT, GR, etc.)
 3386' GR
 14. Kind & Status Plug. Bond
 15. Drilling Contractor
 16. Approx. Date Work will start
 1/91

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP

To abandon the Wolfcamp perforations and recomplete as a dual Devonian/Penn. Atoka gas well.

See attached procedure.

ON ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Charlotte Beeson TITLE Drilling Clerk DATE 11-14-90

TYPE OR PRINT NAME Charlotte Beeson TELEPHONE NO. (915)682-973

(This space for State Use)
 APPROVED BY Jurez Selyk TITLE DISTRICT 1 SUPERVISOR DATE NOV 16 1990

CONDITIONS OF APPROVAL, IF ANY:
 As stipulated in attached letter

Red Hills Unit No. 1

Abandon the Wolfcamp perforations and recomplete as a dual Devonian/Penn. Atoka gas well.

MIRUDDPU, install 4" blow down line approx.. 250' N.E. of well to burn pit. Anchor 4" line in cement. Load both strings and 7 5/8" csg. w/10# brine.

Set back press. valves in both springs of tubing.

Vent all press. off well head.

Remove tree, nipple up 10,000 psi Hydraulic BOP w/offset rams to pull short string (Wolfcamp west side). (May want to set plug in X Nipple below pkr).

Pick up on long string (east side) should be free. Remove dual hanger from tbg. head. Change to regular rams in BOP. Circ. hole w/10# brine water.

RIH and engage long string, back off tubing as deep as possible.

Engage Otis packoff assembly, jar loose, circulate tubing if possible and watch fore pressure increase. POOH, keeping tubing full at all times.

Pump into Penn perms and establish injection rate. Squeeze as per Halliburton recommendation. Disp cement w/10 ppg brine water.

RIH w/shoe and wash pipe, cut over dual packer, POOH.

Run cement retainer on wireline and set approx. @ 13,400'.

RIH w/2 7/8" tubing and squeeze Wolfcamp perms 13,440' to 13,667' as per Halliburton recommendations. Drill out, test squeeze perms to 1000 psi. Re-squeeze if necessary.

Clean out 6 5/8" and 4 1/2" liner to cement retainer @ 17,590'.

Run GR-CCL-Casing Inspection Log from 17,590 to 14,400' and correlate to Welex Radioactivity log dated 8-24-64.

Perforate Devonian w/3 1/8" DP csg. gun @ 2 SPF f/17,476-17,492' and 17,528-17,544 (total 32'/66 holes) referencing Welex Radioactivity log dated 8-24-64.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

November 16, 1990

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

GARREY CARRUTHERS
GOVERNOR

Union Oil Company of California
P.O. Box 671
Midland, TX 79702

Attn: Charlotte Beeson

Re: Recompletion
Red Hills Unit Well #1
Unit 0, Sec. 32, T25S, R33E

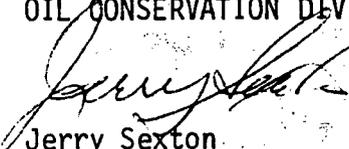
Gentlemen:

Your intent to recomplete the above-referenced well from a Wolfcamp/Penn dual gas well to a Penn/Devonian dual gas well has been received. In order to complete this application you will need to submit an acreage dedication plat, Form C-102, for the Red Hills Devonian Gas Pool (640-acre spacing). Also, an application for Penn/Devonian multiple completion, Form C-107.

Also, the location, 330/S and 2310/E, is unorthodox and will require approval from our Santa Fe office. Since this well was originally drilled at a standard location for an Ellenburger test you should be able to get administrative approval rather than through the hearing process.

Very truly yours,

OIL CONSERVATION DIVISION


Jerry Sexton
Supervisor, District I

ed

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

OIL CONSERVATION DIV. SANTA FE

RECEIVED SEP 22 1989

API NO.

5. Indicate Type of Lease: STATE FEE

6. State Oil & Gas Lease No. K-1459

7. Lease Name or Unit Agreement Name

Red Hills Unit

8. Well No. 1

9. Pool name or Wildcat

Red Hills Penn. (Gas)

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE 'APPLICATION FOR PERMIT' (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL GAS WELL OTHER:

2. Name of Operator Union Oil Company of California

3. Address of Operator P.O. Box 671 - Midland, Texas 79702

4. Well Location Unit Letter O : 330 Feet From The south Line and 2310 Feet From The east Line

Section 32 Township 25-S Range 33-E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3415' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK PLUG AND ABANDON TEMPORARILY ABANDON CHANGE PLANS PULL OR ALTER CASING OTHER:

REMEDIAL WORK ALTERING CASING COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT CASING TEST AND CEMENT JOB OTHER:

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

8-24-89 thru 8-31-89 Attempted, unsuccessfully, to clean out tbg on Penn. side. Ran free pipe log (8-31-89) from 12,050' to surface down tbg. on Penn. side. Log indicated tbg. not stuck but parted @ 5085'. Pulled back press. Valve on Wolfcamp side - Wolfcamp press. 1700 psi. Plans are being made for repair work as soon as possible.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Regional Dir. Mgr. DATE 9-11-89 TYPE OR PRINT NAME D.R. Hughes TELEPHONE NO. (915) 682-9731

(This space for State Use)

APPROVED BY [Signature] TITLE

DISTRICT 1 SUPERVISOR

SEP 15 1989

CONDITIONS OF APPROVAL, IF ANY:

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
5. Indicate Type of Lease: STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. K-1459
7. Lease Name or Unit Agreement Name Red Hills Unit
8. Well No. 1
9. Pool name or Wildcat Red Hills Penn. (Gas)
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3415' KB

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 OIL WELL GAS WELL OTHER _____

2. Name of Operator
Union Oil Company of California

3. Address of Operator
P.O. Box 671 - Midland, Texas 79702

4. Well Location
 Unit Letter 0 : 330 Feet From The South Line and 2310 Feet From The east Line
 Section 32 Township 25-S Range 33-E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3415' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

See attached procedure to clean out tubing and 6 5/8" liner & produce Atoka perms.

RECEIVED

AUG 24 1989
OIL CONSERVATION DIV.
SANTA FE

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Drlg. Supt. DATE 8-18-89
 TYPE OR PRINT NAME J.R. Hughes TELEPHONE NO. 915-682-9731

(This space for State Use)

APPROVED BY [Signature] TITLE DISTRICT 1 SUPERVISOR DATE AUG 21 1989

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

AUG 25 1965

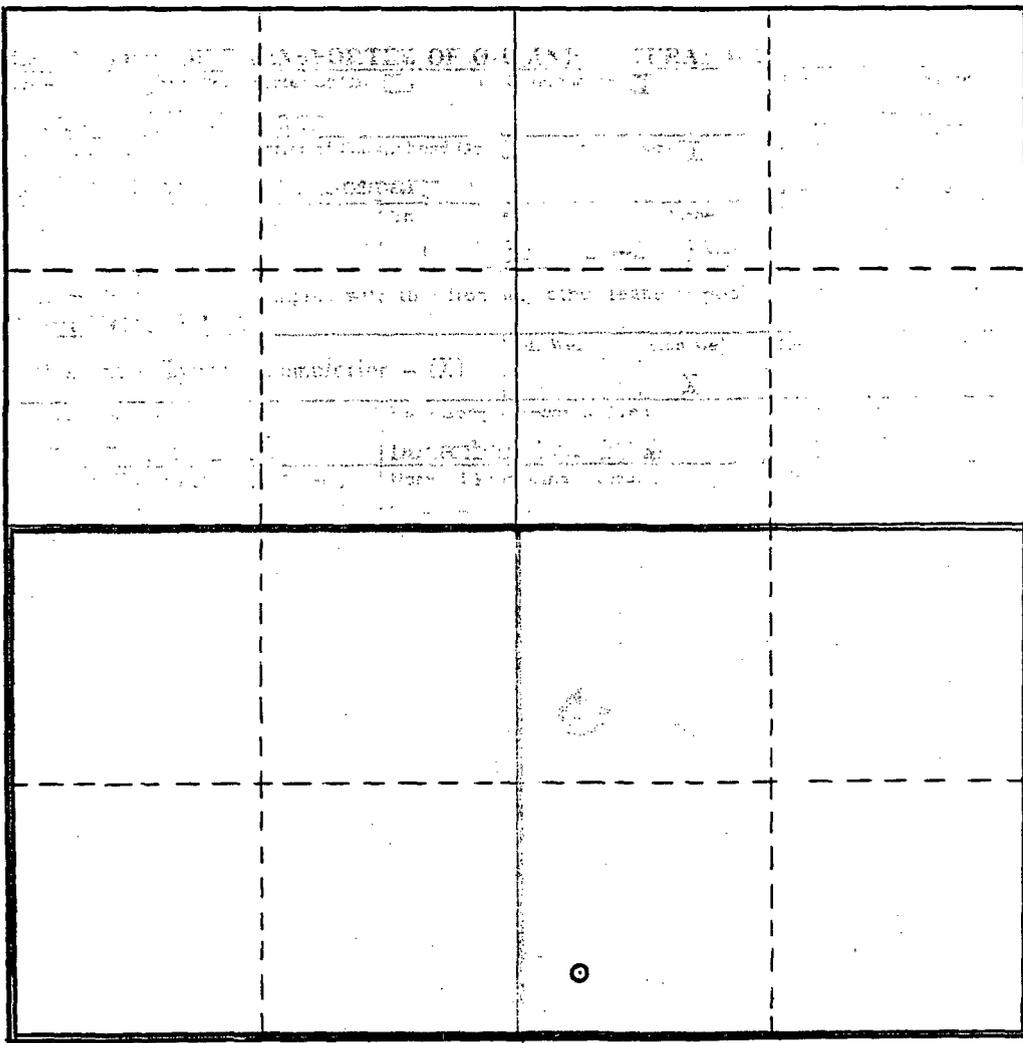
MAIN OFFICE
 65 SEP 1965

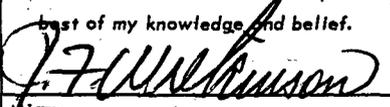
Operator Union Oil Company of California		Lease Red Hills Unit	
Unit Letter 0	Section 32	Township 25-S	Range 33-E
Actual Footage Location of Well: 330 feet from the South line and 2310 feet from the East line		County Lea	
Ground Level Elev. 3,386'	Producing Formation Pennsylvanian	Pool Red Hills Pennsylvanian	Dedicated Acreage: 320

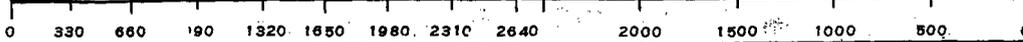
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is 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 State approved drilling unit.

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
District Office Manager Position
Union Oil Company of Calif. Company
August 23, 1965 Date
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
Registered Professional Engineer and/or Land Surveyor
Certificate No.





STATE OF NEW MEXICO

OIL CONSERVATION DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

91 MAY 3 AM 9 27 OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

4-29-91

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC _____
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

Union Oil Co. of Calif. Red Hills Unit #1-0 32-25-33
 Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OP

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

September 19, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Union Oil Company of California
c/o William F. Carr
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Administrative Order NSP-1637(MC)

Dear Mr. Carr:

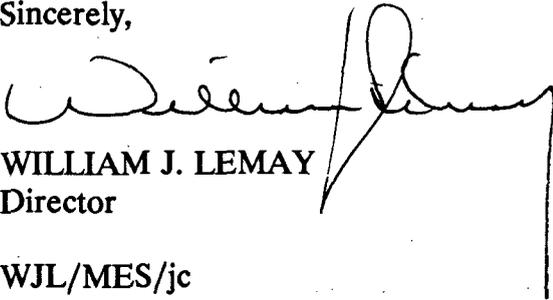
Reference is made to your application on behalf of Union Oil Company of California dated April 24, 1991 for a non-standard gas well location for the Red Hills Unit Well No. 1 which was originally drilled in 1963 to a total depth of 21,321 feet to test the Ellenburger formation at a standard oil well location 330 feet from the South line and 2310 feet from the West line (Unit O) of Section 32, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico. Currently, said well is completed in and producing gas from the Red Hills - Wolfcamp Gas Pool under the authority of Division Order No. R-3073, which granted the unorthodox location for said gas well and promulgated special pool rules including 640-acre spacing units.

It is our understanding at this time that the Wolfcamp zone will be properly plugged back and said well will be dually completed in such a manner as to permit the production of gas from the Red Hills Devonian Gas Pool and Red Hills - Pennsylvanian Gas Pool through parallel strings of 2 7/8 inch tubing. Pursuant to General Rule 104.C(2) and RULE 4 of the Special Rules and Regulations for the Red Hills Devonian Gas Pool, as promulgated by Division Order No. R-6183, said well location is considered unorthodox in both the Devonian and Pennsylvanian formations. In compliance with appropriate spacing in both pools the S/2 of said Section 32 shall be dedicated to the Red Hills - Pennsylvanian Gas Pool forming a standard 320-acre gas spacing and proration unit and all of said Section 32 shall be dedicated to the Red Hills - Devonian Gas Pool forming a standard 640-acre gas spacing and proration (RULE 2 of R-6183).

Union Oil Company of California
Page 2
September 19, 1991

By the authority granted me under the provisions of General Rules 104.F(1) and 112-A and RULE 5 of said Order No. R-6183, the above-described dual completion and resulting unorthodox gas well locations are hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Lemay', with a long vertical line extending downwards from the end of the signature.

WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
NMSLO - Santa Fe

**(LUSK-MORROW GAS (ORDER R-6197)
POOL - Cont'd.)**

NOW, on this 28th day of November, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2373, dated November 21, 1962, the Division created the Lusk-Morrow Gas Pool and promulgated special rules therefor, including a provision for 640-acre spacing and proration units, and said rules were made permanent by Order No. R-2373-B, dated May 19, 1965.

(3) That said rules were made applicable to wells completed or recompleted in the Lusk-Morrow Gas Pool or in the Morrow formation within one mile of said pool and not nearer to nor within the limits of another designated pool.

(4) That the applicant in this case, Petroleum Development Corporation, seeks the amendment of the special rules for the Lusk-Morrow Gas Pool to cause said rules to be applicable only to those wells completed or recompleted within the boundaries of said pool, and not to wells completed or recompleted outside such boundaries but within one mile thereof.

(5) That the Lusk-Morrow Gas Pool, as presently defined by the Division, comprises the following described area:

EDDY COUNTY
TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Sections 24 and 25: All

LEA COUNTY
TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Sections 9 and 10: All
Sections 15 and 16: All
Sections 18 through 21: All
Sections 27 through 30: All
Section 32: All

(6) That no operator in the Lusk-Morrow Gas Pool nor within one mile thereof objected to applicant's proposal.

(7) That the limitation of the applicability of the special rules for the subject pool to said pool's boundaries as they currently exist will not impair correlative rights not cause waste, but indeed may prevent waste by permitting the drilling for and production of gas which might otherwise remain unrecovered, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the Lusk-Morrow Gas Pool, Eddy and Lea Counties, New Mexico, as promulgated by Division Order No. R-2373 dated November 21, 1962, and made permanent by Order No. R-2373-B, dated May 19, 1965, are hereby limited to the following described area:

EDDY COUNTY
TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Sections 24 and 25: All

LEA COUNTY
TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Sections 9 and 10: All
Sections 15 and 16: All
Sections 18 through 21: All
Sections 27 through 30: All
Section 32: All

(2) That Rule 1 of said Special Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 1. Each well completed or recompleted in the Lusk-Morrow Gas Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth."

(3) That 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.

RED HILLS-DEVONIAN GAS POOL
Lea County, New Mexico

Order No. R-6183, Creating and Adopting Temporary Operating Rules for the Red Hills-Devonian Gas Pool, Lea County, New Mexico, November 28, 1979.

Order No. R-6183-A, February 23, 1981, makes permanent the rules adopted in Order No. R-6183.

Application of BTA Oil Producers for Pool Creation and Special Pool Rules, Lea County, New Mexico.

CASE NO. 6670
Order No. R-6183

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 9 a.m. on September 19, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 28th day of November, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, BTA Oil Producers, is the owner of the 7811 JV-P Rojo Well No. 1, located 660 feet from the North line and 660 feet from the West line of Section 27, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) That said well was drilled at an unorthodox gas well location approved by Division Order No. R-5905, dated January 16, 1979.

(4) That said well was completed in the Devonian formation as a producing gas well on June 29, 1979, with perforations from 17,420 feet to 17,515 feet.

(5) That the applicant herein seeks the creation of a new gas pool for said well and the promulgation of special rules therefor, including a provision for 640-acre spacing with well locations no closer than 660 feet to the outer boundary of the unit.

(RED HILLS-DEVONIAN GAS POOL - Cont'd.)

(6) That the Devonian structure and producing zone in which the subject well is completed appear to be the same Devonian structure and producing zone encountered by the Red Hills Unit Well No. 1, located approximately 2.4 miles Southwest of the subject well in Unit O of Section 32, Township 25 South, Range 33 East, NMPM.

(7) That although said Red Hills Unit Well No. 1 was found to be capable of producing considerable quantities of gas from the Devonian formation when tested in 1964, there was no market available at the time for the type of gas produced from said formation, and the Devonian perforations in said well were squeezed and the well completed in the Wolfcamp formation, from which it is still producing.

(8) That available data would indicate that the subject Devonian reservoir is contained in a Northeast-Southwest trending anticline and that the productive area in said anticline above the gas-water contact is probably no more than 3.75 miles long and 1.25 miles wide.

(9) That considering the limited areal extent of the reservoir and the concomitant limited reserves contained therein, combined with the high cost (over \$3 million) of Devonian wells to this depth (over 17,000 feet), it would seem proper to adopt a well spacing and acreage dedication plan for the pool which would preclude a proliferation of unnecessary and possibly uneconomic wells such as might result without such a plan.

(10) That it appears that the most desirable plan for the reservoir would provide for 640-acre spacing and proration units, and with well locations at least 1650 feet from the outer boundary of the unit but no closer than 330 feet to any interior quarter-quarter section line.

(11) That creation of the Red Hills-Devonian Gas Pool and development of said pool in the manner described in Finding No. (10) above will protect correlative rights and not cause waste and should be approved.

(12) 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 640-acre spacing units should be provided for the Red Hills-Devonian Gas Pool.

(13) 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.

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

(15) That this case should be reopened at an examiner hearing in January, 1981, at which time the operators in the pool should be prepared to appear and show cause why the Red Hills-Devonian Gas Pool should not be developed on 320-acre spacing units.

(16) That the application for well locations 660 feet from the outer boundary of the spacing and proration unit should be denied.

IT IS THEREFORE ORDERED:

(1) That a new gas pool for Devonian production, designated the Red Hills-Devonian Gas Pool, is hereby created with vertical limits comprising the Devonian formation and horizontal limits described as follows:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 22: S/2
Sections 27 and 28: All
Sections 32 and 33: All

(2) That temporary Special Rules and Regulations for the Red Hills-Devonian Gas Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
RED HILLS-DEVONIAN GAS POOL

RULE 1. Each well completed or recompleted in the Red Hills-Devonian Gas Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian 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 Director of the Division 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 Land Surveys, 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 present 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 Division 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 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 Division 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 a deeper horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve

(RED HILLS-DEVONIAN GAS POOL - Cont'd.)

the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Red Hills-Devonian Gas Pool or in the Devonian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District office of the Division in writing of the name and location of the well on or before December 15, 1979.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, existing wells in the Red Hills-Devonian Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 640 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Red Hills-Devonian Gas Pool or in the Devonian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in January, 1981, at which time the operators in the subject pool may appear and show cause why the Red Hills-Devonian Gas Pool should not be developed on 320-acre spacing units.

(4) That the application of BTA Oil Producers for well locations no closer than 660 feet to the outer boundary of the spacing and proration unit is hereby denied.

(5) That 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.

WASHINGTON RANCH GAS STORAGE PROJECT
Eddy County, New Mexico

Order No. R-6175, Authorizing El Paso Natural Gas Company to Establish the Washington Ranch Gas Storage Project, Eddy County, New Mexico, November 2, 1979, as Amended by Order No. R-6175-A, January 19, 1981.

Order No. R-6175-A, January 19, 1981, amends Order No. R-6175 by deleting any reference to the E/2 of Sec. 32, T-25-S, R-24-E.

Application of El Paso Natural Gas Company for Underground Gas Storage, Eddy County, New Mexico.

CASE NO. 6703
Order No. R-6175

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 9 a.m. on October 17, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of November, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, El Paso Natural Gas Company, proposes the establishment of an underground gas storage project in Eddy County, New Mexico, to be known as the Washington Ranch Gas Storage Project.

(3) That the applicant has conducted geological and engineering studies to confirm the existence and areal extent of a geological structure underlying all or portions of Sections 21, 22, 23, 26, 27, 28, 29, 32, 33, 34, 35 and 36, Township 25 South, Range 24 East, NMPM, and all or portions of Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, and 14, Township 26 South, Range 24 East, NMPM, and all or portions of Sections 6, 7, and 18, Township 26 South, Range 25 East, NMPM, Eddy County, New Mexico, and to determine the suitability of said structure for the underground storage of natural gas.

(4) That gas storage within said structure would be in the Pennsylvanian Morrow formation and contained within the Morrow Clastics interval.

RED HILLS-WOLFCAMP GAS POOL
Lea County, New Mexico

Order No. R-3073, Adopting Operating Rules for the Red Hills-Wolfcamp Gas Pool, Lea County, New Mexico, June 2, 1966.

Application of Union Oil Company of California for Special Pool Rules, Lea County, New Mexico.

CASE NO. 3158
Order No. R-3073

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 18, 1966, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 2nd day of June, 1966, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 Case No. 3158 is reopened on the application of Union Oil Company of California as successor in interest to The Pure Oil Company, the original applicant in said case.

(3) That the applicant, Union Oil Company of California, seeks the promulgation of special rules and regulations for the Red Hills-Wolfcamp Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing units and specified well locations.

(4) That the applicant has established that one well in the Red Hills-Wolfcamp Gas Pool can efficiently and economically drain and develop 640 acres.

(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, special rules and regulations providing for 640-acre spacing units should be promulgated for the Red Hills-Wolfcamp Gas Pool.

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

(7) That an exception to the proposed well location requirements of the special pool rules for the Red Hills-Wolfcamp Gas Pool should be granted the Red Hills Unit Well No. 1, located 330 feet from the South line and 2310 feet from the East line of Section 32, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico. Further, that an exception to said well location requirements should also be granted to a well to be drilled 990 feet from the North line and 1650 feet from the East

line of Section 5, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico.

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the Red Hills-Wolfcamp Gas Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
RED HILLS-WOLFCAMP GAS POOL**

RULE 1. Each well completed or recompleted in the Red Hills-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Wolfcamp 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 Land Surveys, and the following provisions are compiled with:

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

(b) The applicant presents written consent in the form of waivers from all offset operators to the non-standard unit.

(c) In lieu of paragraph (b) 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.

IT IS FURTHER ORDERED:

(1) That the Red Hills Unit Well No. 1, located 330 feet from the South line and 2310 feet from the East line of Section 32, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby granted an exception to the well location requirements contained herein.

(2) That an exception to the well location requirements contained herein is hereby granted to a well to be drilled 990 feet from the North line and 1650 feet from the East line of Section 5, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) That the operator of the aforesaid Red Hills Unit Well No. 1 shall file a new Form C-102 outlining thereon the acreage dedicated to said well within 10 days after receipt of this order.

(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.