

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF CON-
SIDERING:

CASE NO. 745
Order No. R-517

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION PURSUANT
TO RULE 7 (a) OF ORDER NO. R-369-A IN
ESTABLISHMENT OF AN UNORTHODOX GAS
PRORATION UNIT OF 160 CONTIGUOUS ACRES
CONSISTING OF N/2 S/2 OF SECTION 2, TOWN-
SHIP 23 SOUTH, RANGE 36 EAST, NMPM, LEA
COUNTY, NEW MEXICO IN THE LANGMAT GAS
POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on July 15, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 12th., day of August, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises;

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-369-A, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal quarter section after notice and hearing by the Commission.

(3) That applicant, El Paso Natural Gas Company, is the owner of an oil and gas lease in Lea County, New Mexico the land consisting of other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
N/2 S/2 of Section 2

containing 160 acres, more or less.

(4) That applicant, El Paso Natural Gas Company, proposes to drill a well on the aforesaid lease to be known as Shell-State, No. 4, located 1980' from the South line and 1980' from the West line of Section 2, Township 23 South, Range 36 East.

(5) That the aforesaid well be located within the limits of the pool heretofore delineated and designated as the Langmat Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the S/2 of Section 2, Township 23 South, Range 36 East, and that the owners of adjoining acreage in said half section have not objected to the formation of the proposed proration unit of 160 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Langmat Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause, but will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
N/2 S/2 Section 2

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Shell State No. 4, located in the NE/4 SW/4 of Section 2, Township 23 South, Range 36 East, NMPM, shall be granted an allowable the proportion that the above described 160 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Secretary and Member

S E A L

MERIDIAN OIL

June 14, 1991

Mr. William J. Lemay
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

RECEIVED

JUN 20 1991

OIL CONSERVATION DIVISION

RE: REQUEST AND NOTICE FOR:
SIMULTANEOUS DEDICATION
SHELL STATE LEASE
N/2 of S/2 SECTION 2
T23S, R36E
LEA COUNTY, NEW MEXICO

Gentlemen:

R-517

We are currently in the process of filing a C-101 and C-102 with the New Mexico Oil Conservation Division's district office in Hobbs for permission to drill a second Jalmat (Gas) well as an infield well to the same producing interval on an existing 160-acre proration unit comprised of the N/2 of S/2 Section 2, T23S, R36E, Unit H, Lea County, New Mexico. The subject proration unit is currently dedicated to our Shell State #04 located in Section 23, T23S, R36E, Unit K. I hereby file for administrative approval to simultaneously dedicate the 160-acre proration unit, consisting of the N/2 of S/2 Section 2 to both our existing well (Shell State #04) located in Sec. 2, 23S 36E, Unit K) and our newly proposed well (Shell State #7) located in Sec. 2, R23S, R36E, Unit I).

Three copies of a plat showing the location of the original well on the existing 160-acre proration unit plus the location of the proposed well are enclosed.

Copies of this plat and application have also been sent to all offsetting parties owning shallow Jalmat dry gas rights. The following is a list of the offset Jalmat owners:

Mr. William J. Lemay
June 17, 1991
Shell State Lease
Page 2

Chevron U.S.A. Inc.
Attn: Al Bohling
Proration Engineer
915/687-7100
P.O. Box 1150
Midland, Texas 79702

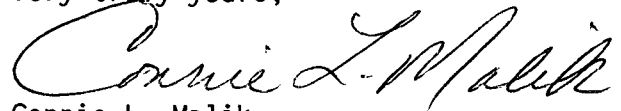
Texaco Inc.
Attn: R.S. Lane
915/688-4100
P.O. Box 3109
Midland, Texas 79701

Arco Oil & Gas Company
Attn: Liz Bush
915/688-5200
P.O. Box 1610
Midland, Texas 79702

Clayton W. Williams, Jr. Inc.
Attn: Matt Swierc
915/682-6324
6 Desta Drive
Suite 3000
Midland, Texas 79705

Thank you for your consideration in this matter.

Very truly yours,



Connie L. Malik
Regulatory Compliance Rep.

CLM/sm

cc: New Mexico Oil Conservation Division
District I Office
P.O. Box 1980
Hobbs, New Mexico 88240

Atten: Jerry Sexton

MERIDIAN OIL

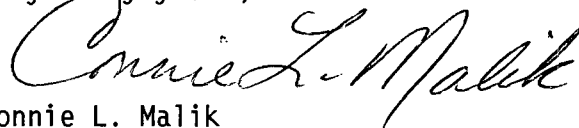
June 17, 1991

Offset Jalmat Dry Gas Operators
Shell State Lease
N/2 of S/2 Section 2
T23S, R36E
Lea County, NM

We would be very appreciative if you would indicate your approval of our request of simultaneous dedication of the N/2 of S/2 of Section 2, T23S, R36E, Lea County, New Mexico to our Shell State #7 and to our Shell State #4 by signing one copy of this request and returning it in the enclosed stamped, self-addressed envelope.

We appreciate your consideration in this matter.

Very truly yours,



Connie L. Malik
Regulatory Compliance Rep.

AGREED to this _____ day of _____, 1991.

TEXACO, INC.

ARCO OIL & GAS COMPANY

Title _____

Title _____

CHEVRON U.S.A., INC.

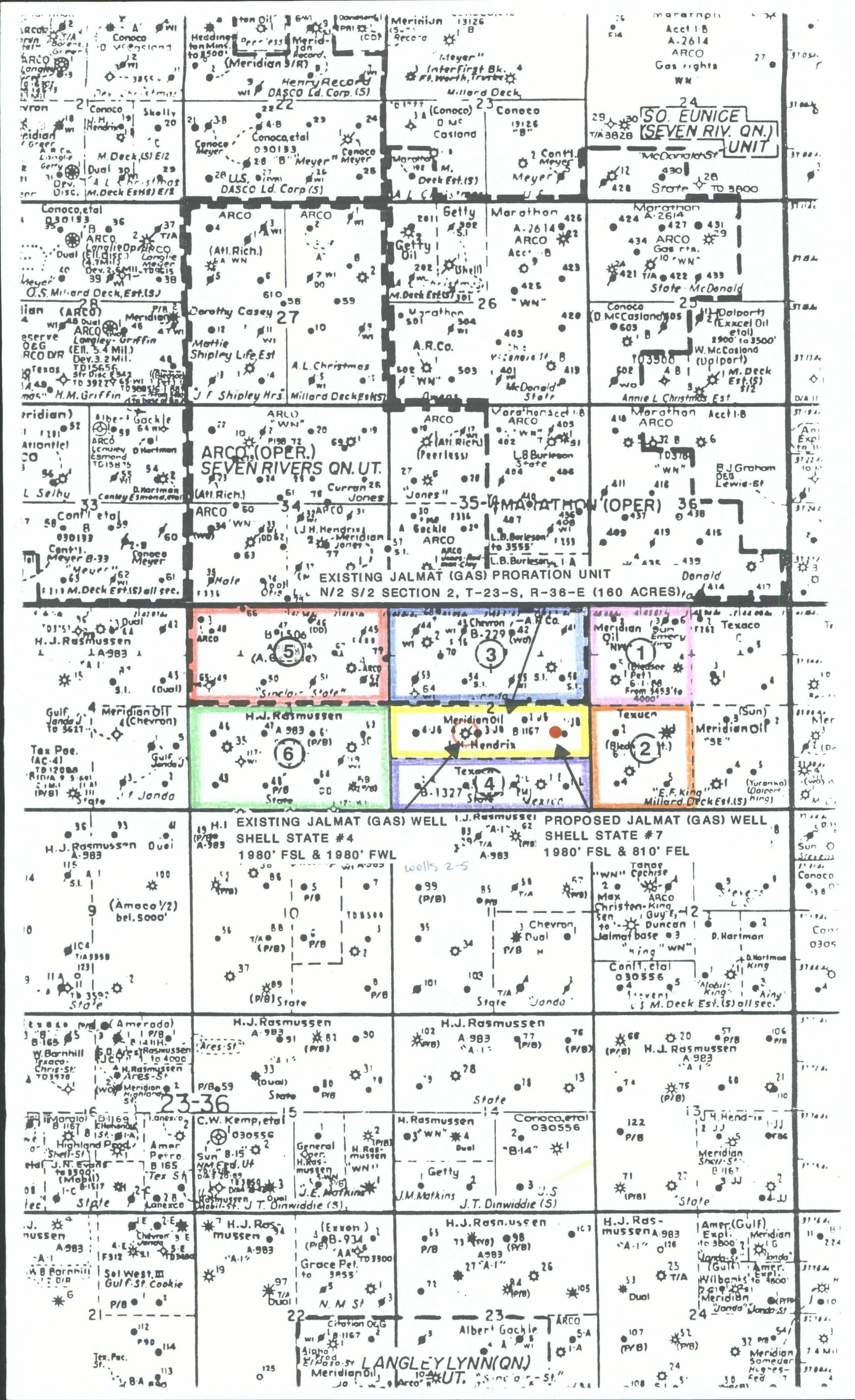
CLAYTON W. WILLIAMS, JR. INC.

Title _____

Title _____

LIST OF OFFSET OPERATORS
 JALMAT TANSILL YT 7 RVRs (PRO GAS)
 MERIDIAN OIL INC.
 SHELL STATE #7
 (I-02-23-36)
 N/2 S/2 SECTION 2, T-23-S, R-36-E
 LEA COUNTY, NEW MEXICO

REF. NO.	OPERATOR	LEASE & WELL NAME(S)	GAS WELL LOCATIONS	UNIT DESCRIPTION	NO. OF ACRES
1.	MERIDIAN OIL INC.	EMERY KING NW #4 EMERY KING NW #1	E-01-23S-36E F-01-23S-36E	NW/4 SECTION 1 T-23-S, R-36-E	160
2.	TEXACO PRODUCING INC.	E.F. KING #3 E.F. KING #1	K-01-23S-36E M-01-23S-36E	SW/4 SECTION 1 T-23-S, R-36-E	160
3.	CHEVRON U.S.A. INC.	J.F. JANDA NCT I #2	D-02-23S-36E	N/2 SECTION 2 T-23-S, R-36-E	333
4.	TEXACO PRODUCING INC.	MEXICO E COM #1	O-02-23S-36E	S/2 S/2 SECTION 2 T-23-S, R-36-E	160
5.	ARCO OIL & GAS COMPANY	SINCLAIR B STATE #4	H-03-23S-36E	N/2 SECTION 3 T-23-S, R-36-E	329
6.	CLAYTON W. WILLIAMS, JR. INC. (EFFECTIVE JULY 1, 1991) PREVIOUSLY: H.J. RASMUSSEN	STATE A AC 1 #30 STATE A AC 1 #61 STATE A AC 1 #35 STATE A AC 1 #48 STATE A AC 1 #69	I-03-23S-36E J-03-23S-36E L-03-23S-36E N-03-23S-36E P-03-23S-36E	S/2 SECTION 3 T-23-S, R-36-E	320





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

HOBBS DISTRICT OFFICE

RECEIVED
31 JUN 24 AM 10 50

6-20-91

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 _____

Simultaneous Dedication X

Gentlemen:

I have examined the application for the:

Meridian Oil Inc. Shell State #4-K 2-23-36
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

proposed New well # 7-I 2-23-36

OK

(Jalmat)

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed