

DATE 7/3/02	SUSPENSE 7/23/02	ENGINEER MS	LOGGED IN RV	TYPE NSL	APP NO. 218447405
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ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

#### Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

#### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] ☒ Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] ☐ Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] ☐ Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] ☐ Other: Specify \_\_\_\_\_

#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

#### [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce

Print or Type Name

Signature

Attorney for Applicant

Title

Date

JAMES BRUCE  
 P. O. BOX 1056  
 SANTA FE, NM 87504

jamesbruce@aol.com  
 e-mail Address

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

July 3, 2002

**Hand Delivered**

Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Ocean Energy, Inc. applies for approval of an unorthodox gas well location for the following well:

Well: Parkway West Unit Well No. 15  
Location: 1310 feet FNL & 660 feet FEL  
Unit: N½ of Section 28, Township 19 South, Range 29 East,  
N.M.P.M., Eddy County, New Mexico

The well will be drilled to test the Atoka formation (West Parkway-Atoka Gas Pool). The pool is spaced on 320 acres, with wells to be no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the well unit (See Order No. R-4638). A Form C-102 for the well is attached as Exhibit A.

The application is based on geologic reasons. Attached as Exhibit B is an isopach of the Atoka formation. The Atoka formation is projected to be thickest in the eastern part of the NE¼ of Section 28, and thus Ocean Energy, Inc. wishes to move east from an orthodox location.


In addition, the Bone Spring is a secondary objective. Attached as Exhibit C is an isopach of the Bone Spring, showing that the location is also favorable in the Bone Spring. Ocean Energy, Inc. requests approval of an unorthodox location in the Bone Spring formation (wildcat Bone Spring). The well unit will be the NE¼NE¼ of Section 28.

02 JUL - 2 61 PM '02  
02 JUL - 2 61 PM '02

All of Sections 20, 21, 22, 27, 28, and 29 are committed to the Parkway West Unit,<sup>1</sup> and all interests in the well units and offsetting acreage has common ownership (the unit is comprised 100% of state lands). Therefore, offset interest owners were not notified of this application.

Please call me if you need any further information on this matter.

Very truly yours,



James Bruce

Attorney for Ocean Energy, Inc.

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<sup>1</sup>Ocean Energy, Inc. is the operator of the unit.

1020 N. French Dr., Hobbs, NM 88240

Energy, Minerals and Natural Resources Department

Revised March 17, 1998

DISTRICT II  
811 South First, Artesia, NM 88210

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

## OIL CONSERVATION DIVISION

2040 South Pacheco

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name <i>ATOKA, Bone Spring</i>
Property Code	Property Name <b>PARKWAY WEST UNIT</b>	Well Number <b>15</b>
OCRID No. <b>169355</b>	Operator Name <b>OCEAN ENERGY, Inc.</b>	Elevation <b>3335'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>28</b>	<b>19 S</b>	<b>29 E</b>		<b>1310'</b>	<b>NORTH</b>	<b>660'</b>	<b>EAST</b>	<b>EDDY</b>

## 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

Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	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

	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  <i>Jeannie McMillan</i> Signature <b>Jeannie McMillan</b> Printed Name <b>Sr. Reg Specialist</b> Title <b>6/28/02</b> Date
	<b>SURVEYOR CERTIFICATION</b>  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.  <b>JUNE 26, 2002</b> Date Surveyed <i>[Signature]</i> Signature of Professional Surveyor  Certificate No. Only L 7977 JLP

EXHIBIT

Blumberg No. 5208



Ocean Energy Inc.		
Parkway West Unit		
Author: Motwaka		Date: 2 July 2002
	Scale: graphic	





CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION07/08/02 11:11:44  
OGOMES -TQ03  
PAGE NO: 1

Sec : 28 Twp : 19S Rng : 29E Section Type : NORMAL

D	C	B	A
40.00 CS K03153 0002 DEVON ENERGY PROD U 03/19/73	40.00 CS K03153 0002 DEVON ENERGY PROD U 03/19/73 A A	40.00 CS L03100 0002 DEVON ENERGY PROD U 07/15/79 A	40.00 CS L03100 0002 DEVON ENERGY PROD U 07/15/79
E	F	G	H
40.00 CS K03153 0002 DEVON ENERGY PROD U 03/19/73 A	40.00 CS K03153 0002 DEVON ENERGY PROD U 03/19/73	40.00 CS L03100 0002 DEVON ENERGY PROD U 07/15/79	40.00 CS L03100 0002 DEVON ENERGY PROD U 07/15/79

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06  
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION07/08/02 11:11:48  
OGOMES -TQO3  
PAGE NO: 2

Sec : 28 Twp : 19S Rng : 29E Section Type : NORMAL

L	K	J	I
40.00 CS K04588 0001 MATADOR E & P COM U 12/15/74	40.00 CS K04395 0001 MATADOR E & P COM U 09/15/74	40.00 CS L03100 0002 DEVON ENERGY PROD U 07/15/79	40.00 CS K04395 0001 MATADOR E & P COM U 09/15/74
M	N	O	P
40.00 CS K03153 0002 DEVON ENERGY PROD U 03/19/73 A	40.00 CS K04395 0001 MATADOR E & P COM U 09/15/74	40.00 CS L03100 0002 DEVON ENERGY PROD U 07/15/79	40.00 CS K04395 0001 MATADOR E & P COM U 09/15/74

PF01 HELP	PF02	PF03 EXIT	PF04 GOTO	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12



CMD : ONGARD 07/08/02 11:11:58  
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -T003

API Well No : 30 15 20760 Eff Date : 03-24-1993 WC Status : P  
Pool Idn : 82560 PARKWAY;ATOKA, WEST (PRO GAS)  
OGRID Idn : 23654 OCEAN ENERGY INC  
Prop Idn : 11438 PARKWAY WEST UNIT

Well No : 001  
GL Elevation: 99999

U/L Sec Township Range North/South East/West Prop/Act (P/A)  
-----  
B.H. Locn : C 28 19S 29E FTG 660 F N FTG 1980 F W A  
Lot Identifier:  
Dedicated Acre:  
Lease Type : S  
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll  
PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06  
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NxtREC

CMD :  
OG6IWCW INQUIRE WELL COMPLETIONS

07/08/02 11:12:13  
OGOMES -TQ03

API Well No : 30 15 20760 Eff Date : 01-14-1999 WC Status : P  
Pool Idn : 82640 PARKWAY;STRAWN, WEST (GAS)  
OGRID Idn : 169355 OCEAN ENERGY INC  
Prop Idn : 23438 PARKWAY WEST UNIT

Well No : 001  
GL Elevation: 99999

U/L Sec Township Range North/South East/West Prop/Act (P/A)  
-----  
B.H. Locn : C 28 19S 29E FTG 660 F N FTG 1980 F W A  
Lot Identifier:  
Dedicated Acre:  
Lease Type : S  
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06  
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD :  
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL

07/08/02 11:12:35  
OGOMES -TQO3  
Page No: 1

OGRID Identifier : 169355 OCEAN ENERGY INC  
Pool Identifier :  
API Well No : 30 15 20760 Report Period - From : 01 2000 To : 06 2002

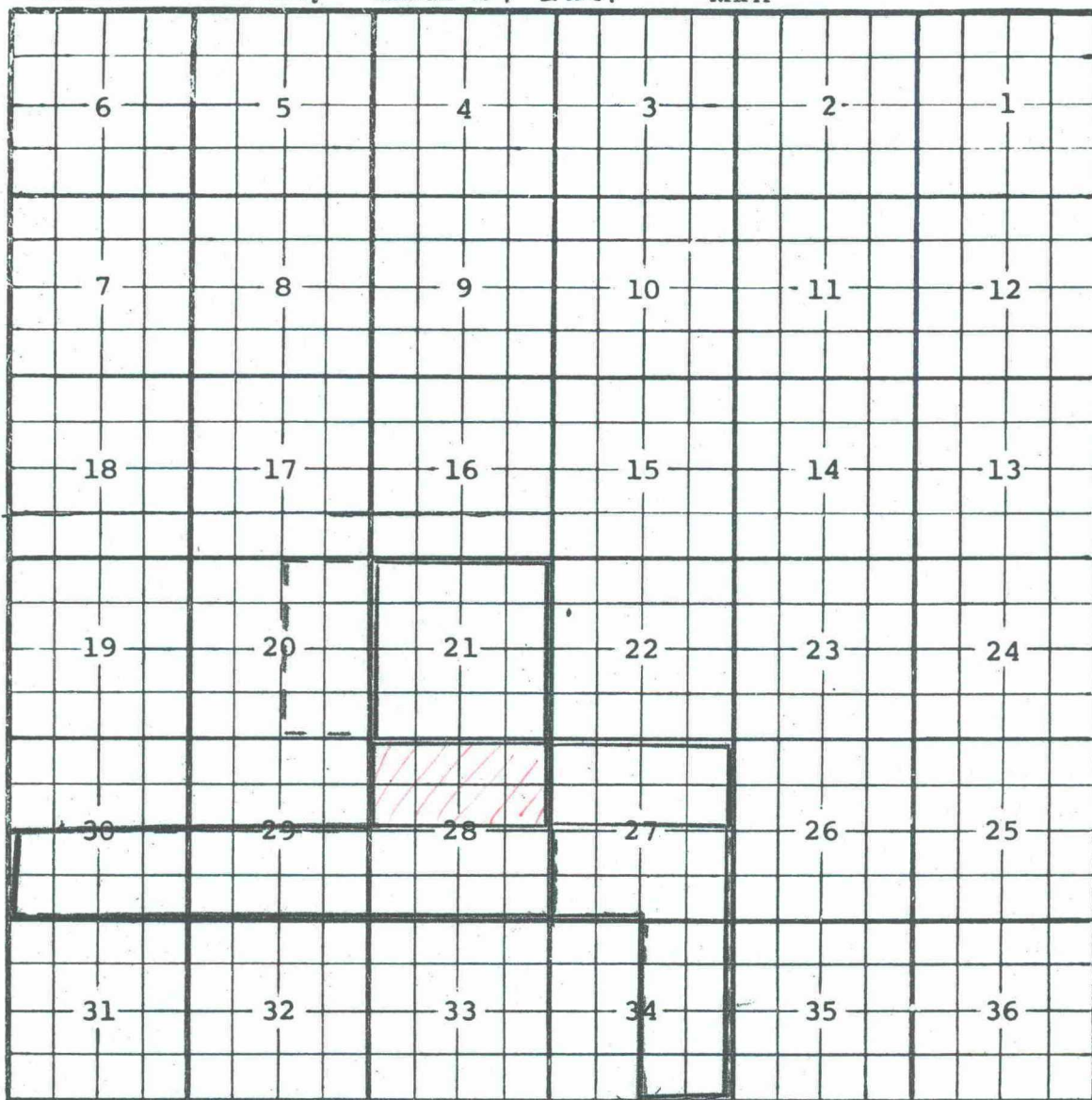
API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water Stat	Well
-----	-----	-----	-----	-----

Reporting Period Total (Gas, Oil) :  
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E6485: There was no prodn for the well/pool in given prd  
PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 NXTPool PF11 NXTOGD PF12

COUNTY Eddy POOL West Parkway - Atoka Gas  
 TOWNSHIP 19 South RANGE 29 East NMPM

82560

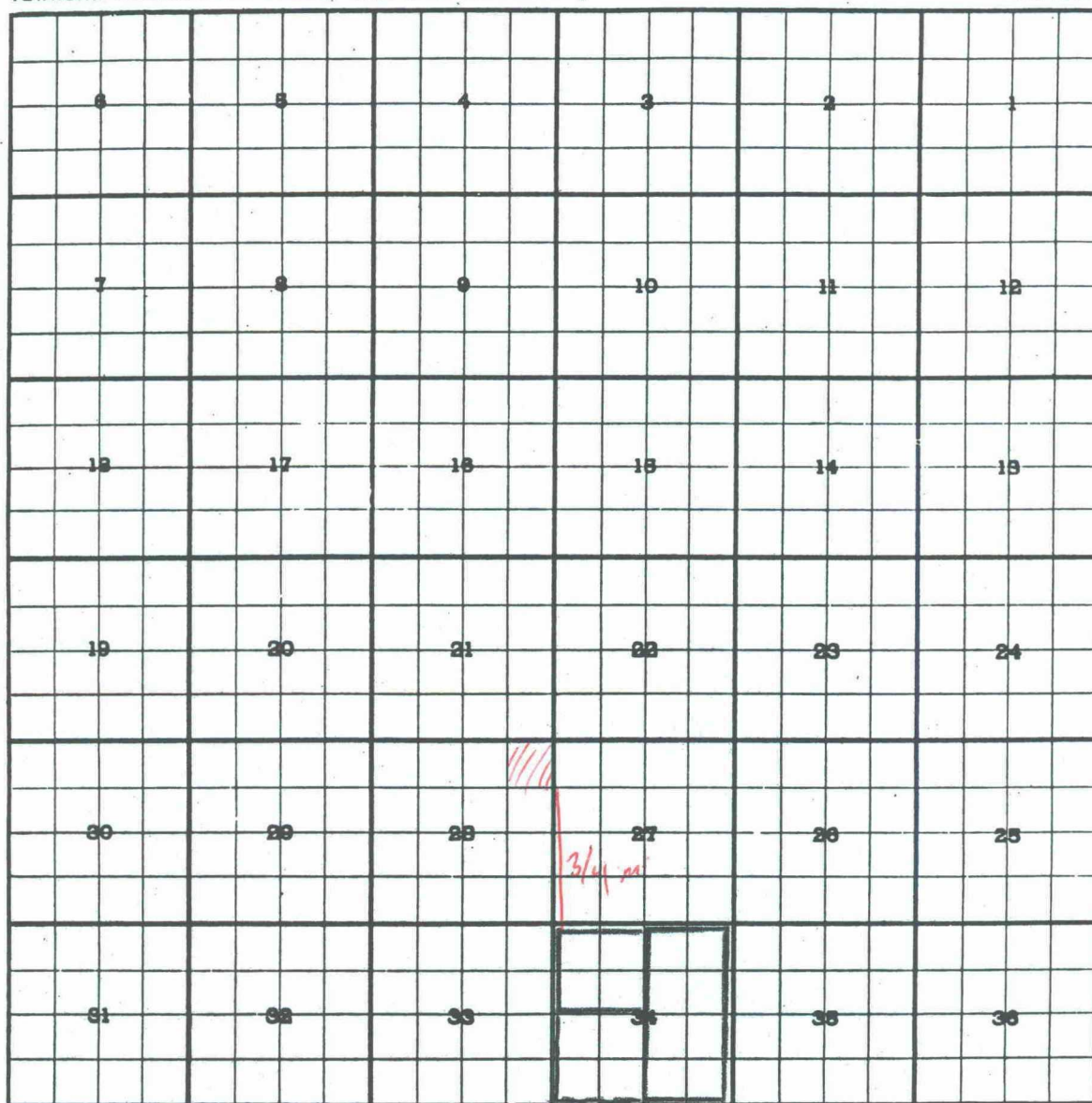


Description:  $\frac{N}{2}$  Sec 28 (R-4638, 10-11-73) Ext: All Sec. 21 (R-7131, 11-30-82)  
 Ext:  $\frac{N}{2}$  Sec. 27 (R-7158, 12-8-82) EXT:  $\frac{S}{2}$  SEC 27,  $\frac{E}{2}$  SEC 34 (R-9134, 4-1-90)  
 Ext:  $\frac{S}{2}$  SEC 28,  $\frac{S}{2}$  Sec. 29,  $\frac{S}{2}$  Sec. 30 (R-10642, 8-19-96)

County EDDYPool PARKWAY-BONE SPRING

49622

R-9060

TOWNSHIP 19.5, RANGE 29 East, NEW MEXICO PRINCIPAL MERIDIANDESC: E/2 SEC 34 (R-9096, 1-1-90) EXT: NW/4 SEC 34 (R-9171, 6-1-90)EXT: SW/4 SEC 34 (R-9473, 9-1-91)

County EDDYPool PARKWAY-BONE SPRINGTOWNSHIP 20S, RANGE 29 East, NEW MEXICO PRINCIPAL MERIDIAN

6	8	4	9	2	1
7	8	9	10	11	12
13	17	18	15	14	15
19	20	21	22	23	24
29	28	28	27	26	25
31	32	33	34	35	36

DESC: N/2 SEC 2, N/2 SEC 3 (R-9096, 1-1-90)

County Eddy

Pool Winchester-Bone Spring

65010

TOWNSHIP

19 South

Range

28 East

NMPM

6	5	4	3	2	1	
7	8	9	10	11	12	
18	17	16	15	14	13	
*						
19	20	21	22	23	24	
30	29	28	27	26	25	
31	32	33	34	35	36	

Ext: N/2 Sec. 36 (R-10234, 11-7-94)



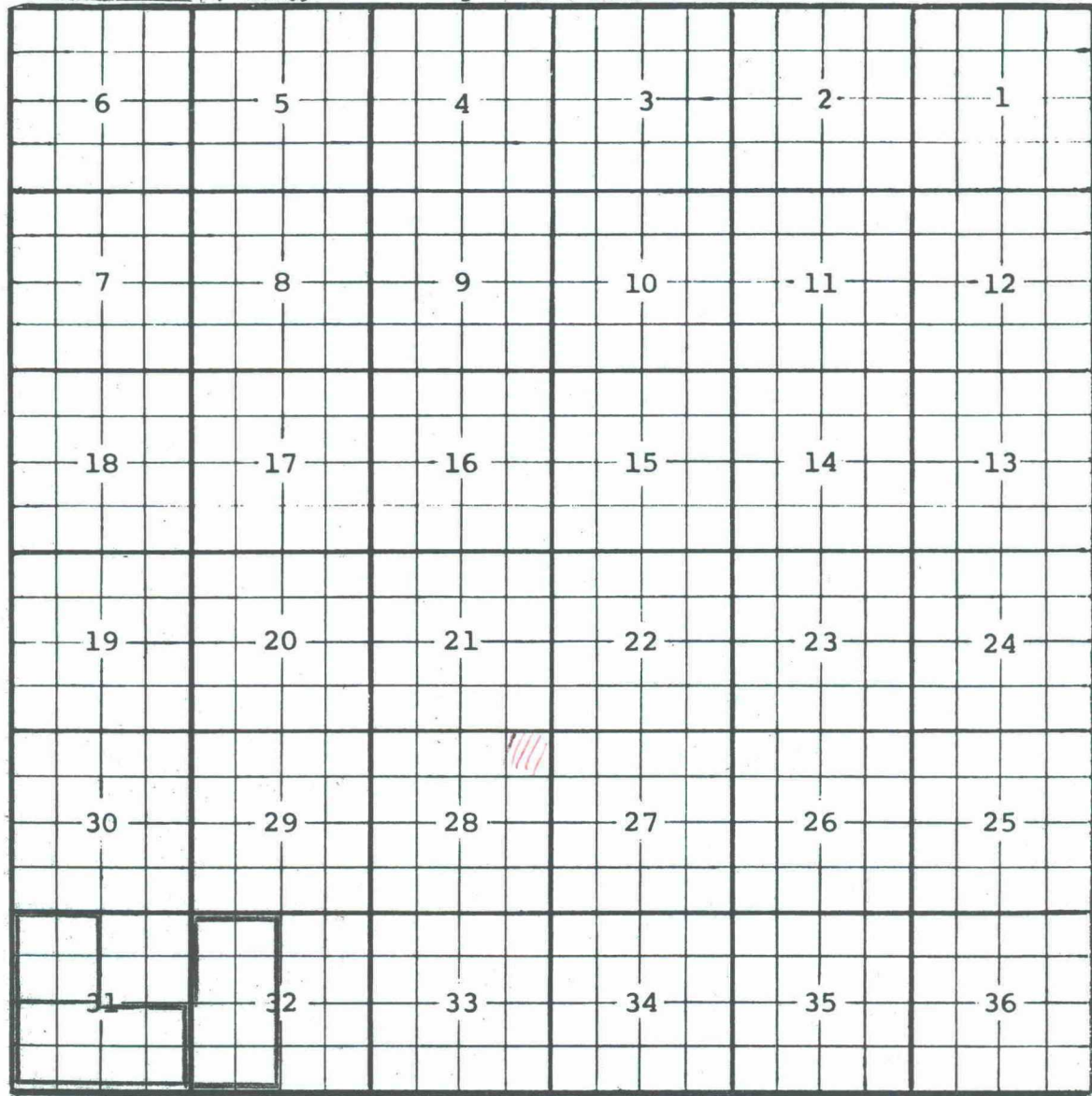
County Eddy

Pool WINCHESTER - BONE SPRING

TOWNSHIP 19 South

Range 29 East

NMPM



Description: NW 1/4 Sec. 31 (R-6476, 10-1-80)

Ext: 50 1/2 Sec. 31 (R-8179, 3-14-86) EXT: W 1/2 SEC 32 (R-9171, 6-1-90)

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. 4801  
Order No. R-4386

APPLICATION OF THE PETROLEUM  
CORPORATION FOR APPROVAL OF THE  
PARKWAY WEST UNIT AGREEMENT,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
August 23, 1972, at Santa Fe, New Mexico, before Examiner  
Richard L. Stamets.

NOW, on this 6th day of September, 1972, 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 Petroleum Corporation, seeks  
approval of the Parkway West Unit Agreement covering 3,840 acres,  
more or less, of State lands described as follows:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 20: All  
Section 21: All  
Section 22: All  
Section 27: All  
Section 28: All  
Section 29: All

(3) That approval of the proposed unit agreement should  
promote the prevention of waste and the protection of correlative  
rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Parkway West Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(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.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

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. 4976  
Order No. R-4638

APPLICATION OF THE PETROLEUM  
CORPORATION FOR A DUAL COMPLETION,  
CREATION OF TWO GAS POOLS AND  
SPECIAL RULES THEREFOR, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 23, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 11th day of October, 1973, 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 Petroleum Corporation, seeks authority to complete its Parkway West Unit Well No. 1, located in Unit C of Section 28, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of 2 1/16-inch tubing with separation of the zones by means of a packer set at approximately 10,505 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.
- (5) That the applicant further seeks the creation of a Strawn pool and an Atoka pool for said well and the promulgation of special pool rules for each.

(6) That while the evidence adduced indicates that each of the subject pools is probably a gas pool, additional information is necessary to determine if they are in fact gas pools or oil pools or whether they may be retrograde condensate reservoirs.

(7) That said Strawn and Atoka Pools should be classified and designated the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool and special rules and regulations should be promulgated therefor.

(8) That the reservoir characteristics of the subject pools indicate that each can be efficiently and economically drained and developed on 320-acre spacing.

(9) That temporary special rules and regulations providing for 320-acre gas well spacing should be promulgated for the subject pools in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(10) That the temporary special rules and regulations should provide for the limitation of production from wells in each of the subject pools; that a maximum of no more than 1,500 MCF per day should be produced from each well in the Strawn pool, and that a maximum of no more than 2,000 MCF per day should be produced from each well in the Atoka pool.

(11) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

(12) That this case should be reopened at an examiner hearing during October, 1974, to permit the operators in said gas pools to appear and present evidence to clearly establish the nature of said reservoirs and proper rates of production for wells therein and special rules therefor.

IT IS THEREFORE ORDERED:

(1) That the applicant, The Petroleum Corporation, is hereby authorized to complete its Parkway West Unit Well No. 1, located in Unit C of Section 28, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of 2 1/16-inch tubing with separation of the zones by means of a packer set at approximately 10,505 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 conduct a packer leakage test annually on said well and shall file the results thereof with the Commission's Artesia office.

(2) That effective October 1, 1973, the Strawn and Atoka reservoirs in the subject well are hereby classified as gas reservoirs and designated the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool with vertical limits comprising, respectively, the Strawn and Atoka formations and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 28: N/2

(3) That, effective October 1, 1973, Special Rules and Regulations for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
WEST PARKWAY-STRAWN GAS POOL AND  
WEST PARKWAY-ATOKA GAS POOL

RULE 1. Each well completed or recompleted in the West Parkway-Strawn Gas Pool and/or West Parkway-Atoka Gas Pool or in the Strawn and Atoka formations within one mile thereof, and not nearer to or within the limits of another designated Strawn or Atoka pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well shall be located on a standard unit containing 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Land Surveys.

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, 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 standard proration unit for the well under the applicable provisions of Rule 2 above 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 standard proration unit for the well 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 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract.

RULE 5. A gas well in the West Parkway-Strawn Gas Pool shall be permitted to produce no more than 1,500 MCF of gas per day during the effective period of these pool rules and a gas well in the West Parkway-Atoka Gas Pool shall be permitted to produce no more than 2,000 MCF of gas per day during the effective period of the rules.

RULE 6. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 7.

RULE 7. Gas-liquid ratio tests shall be taken on all wells during the months of March and September of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced



at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The Commission District Supervisor may grant exceptions to the above test requirements where it is demonstrated that wells produce no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 8. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 9. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the amounts set forth in Rule 5 of these rules.

RULE 10. The initial balancing date shall be 7 o'clock a.m. April the first, 1974. Subsequently, the date 7:00 a.m. April the first of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.

RULE 11. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 12. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 13. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equaling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 14. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 15. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 16. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 17. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 18. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 19. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

IT IS FURTHER ORDERED:

- (1) That the locations of all wells presently drilling to

or completed in the West Parkway-Strawn Gas Pool or the West Parkway-Atoka Gas Pool or in the Strawn or Atoka formations within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the appropriate district office of the Commission in writing of the name and location of the well on or before November 1, 1973.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the West Parkway-Strawn Gas Pool and West Parkway-Atoka Gas Pool shall have dedicated thereto 320 acres, in accordance with the foregoing pool rules or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable.

(3) That this cause shall be reopened at an examiner hearing during October, 1974, to permit the operators in said pools to appear and present evidence to clearly establish the nature of said reservoirs, proper rates of production for wells therein, and special rules therefor.

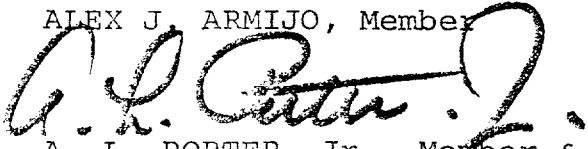
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

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. 4976 (Reopened)  
Order No. R-4638-A

IN THE MATTER OF CASE NO. 4976 BEING  
REOPENED PURSUANT TO THE PROVISIONS OF  
ORDER NO. R-4638 TO PERMIT ALL OPERATORS  
IN THE WEST PARKWAY-STRAWN AND WEST PARKWAY-  
ATOKA GAS POOLS IN SECTION 28, TOWNSHIP 19  
SOUTH, RANGE 29 EAST, EDDY COUNTY, NEW MEXICO,  
TO APPEAR AND PRESENT EVIDENCE TO ESTABLISH  
CLEARLY THE NATURE OF THE RESERVOIRS, PROPER  
RATES OF PRODUCTION FOR WELLS THEREIN, AND  
SPECIAL RULES THEREFOR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 16, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of November, 1974, 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 Order No. R-4638, dated October 11, 1973, established the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, both of which pools comprise the N/2 of Section 28, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico; classified both pools as gas pools; established special rates of production for wells therein and promulgated temporary special pool rules therefor.

(3) That pursuant to Order No. R-4638 this case was reopened at an examiner hearing held on October 16, 1974, to allow all operators in the subject pools to appear and present evidence to establish clearly the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

(4) That the evidence adduced at said hearing establishes that both pools are properly classified as gas pools; that the special rates of production specified for wells therein are proper; and that, the special pool rules promulgated therefor should be made permanent.

(5) That the continuing classification of the subject pools as gas pools and the continuance of the special pool rules promulgated therefor will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool as promulgated by Order No. R-4638 are hereby continued in full force and effect until further order of the Commission.

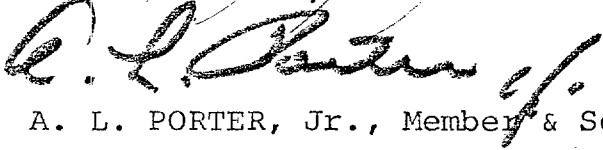
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

  
ALEX J. ARMIJO, Member

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

S E A L

dr/

## **Stogner, Michael**

---

**From:** Arrant, Bryan  
**Sent:** Tuesday, July 09, 2002 2:12 PM  
**To:** Stogner, Michael  
**Subject:** RE: NSL-4757

Mike,  
I spoke with Ocean Energy (Jeanie McMillan) today and they wanted to have a lay-down N/2 for this well and not an E/2 as noted in the NSL.  
Bryan

-----Original Message-----

**From:** Stogner, Michael  
**Sent:** Monday, July 08, 2002 2:57 PM  
**To:** Valdes, Kathy  
**Cc:** Arrant, Bryan; Jim Bruce (E-mail)  
**Subject:** NSL-4757

draft order attached

<< File: NSL-2PLS.21.doc >>

## Stogner, Michael

---

**From:** Arrant, Bryan  
**Sent:** Tuesday, July 09, 2002 2:19 PM  
**To:** Stogner, Michael  
**Subject:** FW: NSL-4757

I called and left a message with Jeanie and instructed her to apply for an amendment to NSL order 4757.  
Bryan

-----Original Message-----

**From:** Arrant, Bryan  
**Sent:** Tuesday, July 09, 2002 2:12 PM  
**To:** Stogner, Michael  
**Subject:** RE: NSL-4757

Mike,  
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<< File: NSL-2PLS.21.doc >>

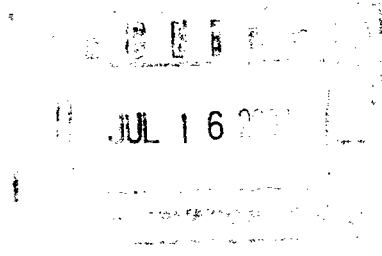


**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)



July 13, 2002

Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Order NSL-4757/Ocean Energy, Inc.

Dear Mr. Stogner:

Thank you for the above order. However, there is a typo: The order refers to an E½ unit, when in fact the proper unit is the N½. Please make any necessary changes to the Division's file. Thank you.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for Ocean Energy, Inc.

JAMES BRUCE  
Attorney at Law  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
Telephone: (505) 982-2043  
Fax: (505) 982-2151

FAX COVER SHEET

DELIVER TO: Michael E. Stoguer  
COMPANY: Oil Conservation Division  
CITY: Santa Fe, New Mexico  
FAX NUMBER: (505) 476-3471  
NUMBER OF PAGES: 2 (Including Cover Sheet)  
DATE SENT: 7/15/02

MEMO: Mike: Regarding Order NSL-4757, I mailed you the enclosed letter two days ago. Please note that the application requests a NY% unit, while the order granted an E% unit. Again, there are no affected parties, since ownership of the offsetting acreage is common with ownership of the well units. I ask that the order be re-instated. Thanks for your attention to this matter.

CONFIDENTIALITY NOTICE

This transmission contains information which may be confidential and/or legally privileged. The information is intended only for the above-named recipient. If you are not the intended recipient, copying or distribution of the information is prohibited. If you have received this transmission in error, please call us at the above number and return the document by United States mail. Thank you.

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
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July 13, 2002

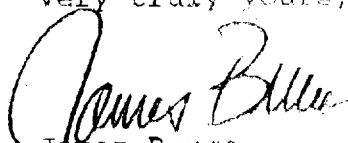
Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Order NSL-4757/Ocean Energy, Inc.

Dear Mr. Stogner:

Thank you for the above order. However, there is a typo: The order refers to an EX unit, when in fact the proper unit is the NY. Please make any necessary changes to the Division's file. Thank you.

Very truly yours,



James Bruce

Attorney for Ocean Energy, Inc.

## Stogner, Michael

---

**From:** Stogner, Michael  
**Sent:** Monday, July 15, 2002 8:26 AM  
**To:** Arrant, Bryan; Jim Bruce (E-mail)  
**Subject:** RE: NSL-4757

Mr. Bruce

I just returned from the hearings in Farmington and received the following e-mail messages from Bryan Arrant concerning Administrative Order NSL-4757 for Ocean Energy. Not knowing the details for such a big change nor the affects it may have, Division Administrative Order NSL-4757 and the provisions granting a location exception for Ocean's proposed Parkway West Unit Well No. 15 is hereby suspended until further notice.

-----Original Message-----

**From:** Arrant, Bryan  
**Sent:** Tuesday, July 09, 2002 2:19 PM  
**To:** Stogner, Michael  
**Subject:** FW: NSL-4757

I called and left a message with Jeanie and instructed her to apply for an amendment to NSL order 4757.  
Bryan

-----Original Message-----

**From:** Arrant, Bryan  
**Sent:** Tuesday, July 09, 2002 2:12 PM  
**To:** Stogner, Michael  
**Subject:** RE: NSL-4757

Mike,  
I spoke with Ocean Energy (Jeanie McMillan) today and they wanted to have a lay-down N/2 for this well and not an E/2 as noted in the NSL.  
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-----Original Message-----

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**Sent:** Monday, July 08, 2002 2:57 PM  
**To:** Valdes, Kathy  
**Cc:** Arrant, Bryan; Jim Bruce (E-mail)  
**Subject:** NSL-4757

draft order attached

<< File: NSL-2PLS.21.doc >>

**JAMES BRUCE**  
Attorney at Law  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
Telephone: (505) 982-2043  
Fax: (505) 982-2151

FAX COVER SHEET

DELIVER TO: Florene Davidson

COMPANY: Oil Conservation Division

CITY: Santa Fe, New Mexico

FAX NUMBER: (505) 476-3462

NUMBER OF PAGES: 5 (Including Cover Sheet)

DATE SENT: 7/8/02

MEMO: Florene: Please direct this to the appropriate person,  
since I have a time problem. Thanks.

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

July 8, 2002

Via Fax

Lori Wrotenbery  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: REQUEST FOR VERBAL APPROVAL TO COMMENCE WELL

Well: Ocean Energy, Inc.'s Parkway West Unit Well No. 15  
Location: 1310 feet FNL & 660 feet FEL  
Unit: N½ of Section 28, Township 19 South, Range 29 East,  
N.M.P.M., Eddy County, New Mexico

Dear Ms. Wrotenbery:

Ocean Energy, Inc. ("Ocean") requests verbal approval to commence the above well. This request is made because Ocean has a rig available due to a prior well drilling more quickly than anticipated.

A copy of the written application (without attachments) is enclosed. The application was filed last week, but because of Mike Stogner's hearing in Farmington this week, he cannot process the application in the next few days.

The subject well is unorthodox under existing special pool rules, but not under statewide rules. Moreover, no interest owner is adversely affected because the well is in the interior of the Parkway West Unit, and all working, royalty, and overriding royalty interests in the well unit and in offsetting well units are uniform.

Thank you for your consideration of this request. Because of the rig on site, Ocean requests approval as soon as possible.

Ocean understands that, if written approval is not eventually obtained, it will not be able to produce the well.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Ocean Energy, Inc.



# COPY

July 3, 2002

**Hand Delivered**

Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Ocean Energy, Inc. applies for approval of an unorthodox gas well location for the following well:

Well: Parkway West Unit Well No. 15  
Location: 1310 feet FNL & 660 feet FEL  
Unit: N¼ of Section 28, Township 19 South, Range 29 East,  
N.M.P.M., Eddy County, New Mexico

The well will be drilled to test the Atoka formation (West Parkway-Atoka Gas Pool). The pool is spaced on 320 acres, with wells to be no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the well unit (See Order No. R-4638). A Form C-102 for the well is attached as Exhibit A.

The application is based on geologic reasons. Attached as Exhibit B is an isopach of the Atoka formation. The Atoka formation is projected to be thickest in the eastern part of the NE¼ of Section 28, and thus Ocean Energy, Inc. wishes to move east from an orthodox location.

In addition, the Bone Spring is a secondary objective. Attached as Exhibit C is an isopach of the Bone Spring, showing that the location is also favorable in the Bone Spring. Ocean Energy, Inc. requests approval of an unorthodox location in the Bone Spring formation (wildcat Bone Spring). The well unit will be the NE¼NE¼ of Section 28.

All of Sections 20, 21, 22, 27, 28, and 29 are committed to the Parkway West Unit,<sup>1</sup> and all interests in the well units and offsetting acreage has common ownership (the unit is comprised 100% of state lands). Therefore, offset interest owners were not notified of this application.

Please call me if you need any further information on this matter.

Very truly yours,

/s/

James Bruce

Attorney for Ocean Energy, Inc.

---

<sup>1</sup>Ocean Energy, Inc. is the operator of the unit.

## TRANSACTION REPORT

JUL-08-2002 MON 02:25 PM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
JUL-08	02:23 PM	5059822151	1' 43"	5	RECEIVE	OK		