

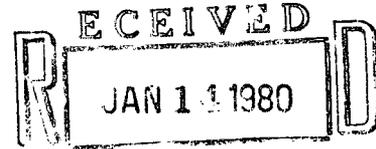
HIXON DEVELOPMENT COMPANY

P. O. BOX 2810

FARMINGTON, NEW MEXICO 87401

January 10, 1980

Mr. Joe D. Ramey, Director
State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501



OIL CONSERVATION DIVISION
SANTA FE

*NSP - 1175
Rule 4 R1069-B
2-3-80*

Re: Application for Administrative Approval
For Unorthodox Proration Unit
South Carson Federal 23 Well No. 5
1650' FNL, 990' FWL, Section 23, T25N, R12W
San Juan County, New Mexico

SW/4 NW/4

Dear Mr. Ramey:

Hixon Development Company requests your Administrative *oil* Approval for an exception to the Bisti Lower Gallup Pool 80 acre proration unit spacing rule. Purpose of requesting this approval is to drill a 40 acre Lower Gallup oil test well. This is an attempt to hold federal acreage (NM 25450 comprising of 240 acres per the attached C-102 plat Exhibit I) from expiring on July 1, 1980.

*Waiver from
Shell on by
required*

If you find that you are unable to approve this, as an alternative, please consider approval for an 80 acre proration unit for the proposed well consisting of the SW/4 of NW/4 and NW/4 of SW/4 of Section 23 per the attached Exhibit II. This spacing configuration would deviate from the prescribed N/2 and S/2 of a standard quarter section rule.

Our request for one of the above exceptions is based on economic necessity and reservoir data per the attached detailed justification in Attachment I. Shell Oil Company as offset Carson Unit operator has been notified of our intentions by a Certified Mail copy of this letter.

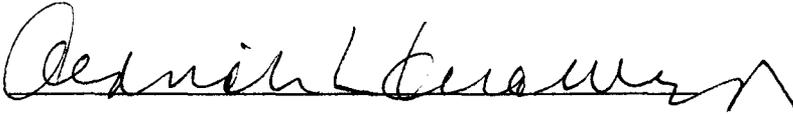
In view of our expiring acreage deadline and the fact that we have contracted for a drilling rig during the first week in March 1980,

January 10, 1980
Page 2

please give this matter your earliest consideration.

Very truly yours,

Hixon Development Company

by 

Aldrich L. Kuchera
Vice President

ALK:cd

Attachments

cc: Shell Oil Company
One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

Frank Chavez
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

United States Geological Survey
P.O. Box 959
Farmington, New Mexico 87401

Ray Bridges
Hixon Development Company
341 Milam Building
San Antonio, Texas 78205

ATTACHMENT I

APPLICATION BY HIXON DEVELOPMENT COMPANY
FOR ADMINISTRATIVE APPROVAL FOR UNORTHODOX
BISTI LOWER GALLUP PRORATION UNIT
SOUTH CARSON FEDERAL 23 WELL NO. 5
1650' FNL, 990' FWL, SECTION 23, T25N, R12W
SAN JUAN COUNTY, NEW MEXICO

General

Per the attached Figure 1 map, Section 23 is comprised of the Hixon Development Company Federal Lease NM 25450 and the Shell Oil Company operated Carson Unit. The spacing of a Lower Gallup Sand oil well drilled in this section is regulated by State Bisti Lower Gallup Pool field rules. These rules prescribe an 80 acre proration unit comprising of the north half or the south half of a Standard Quarter Section.

Hixon Development Company desires to drill a Bisti Lower Gallup Pool stepout well in the SW/4 of the NW/4 with a 40 acre spaced proration unit per Exhibit I.

If this is unacceptable then Hixon Development Company as an alternative seeks to obtain Administrative Approval for an exception to the N/2, S/2 of a Quarter position rule for an 80 acre proration unit to be realigned and comprised of the SW/4 NW/4 and NW/4 SW/4 per Exhibit II.

Justification

1. Per the attached Exhibit I, the Section 23 south west Lower Gallup reservoir boundary has been defined by the plugged and abandoned Carson Unit wells 21, 32 and 43. Because no additional drilling has been instigated inside the Section 23 Carson Unit area west of the latter three wells we believe this area inside the Unit is depleted.

This is further substantiated by Northwestern New Mexico Secondary Recovery Project data which shows average cumulative oil recovery for the Carson Unit to be about 355 barrels/acre. The Carson Unit wells 21, 32 and 43 have had a cumulative oil recovery of 103,783 BO. This recovery shows an average per well drainage of 97 acres.

Consequently, because of depletion, we are reluctant to drill the proposed South Carson Federal 23 Well No. 5 with a S/2 of the NW/4 80 acre spaced Proration Unit. This would require Communitization of the SW/4 NW/4 and SE/4 NW/4 40 acre tracts. We would be Communitizing the SW/4 NW/4 tract which in our engineering opinion is not depleted with a depleted SE/4 NW/4 tract. This Communitized 80 acre pattern would penalize the proposed South Carson Federal 23 Well No. 5 well by diluting its ownership by 1/2. Because we anticipate a 10 BOPD well or less, this condition would make it uneconomical to drill.

2. Our reservoir mapping does not show an economical alternative location for a Lower Gallup well on the Section 23 NM 25450 Lease.

EXHIBIT I
NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

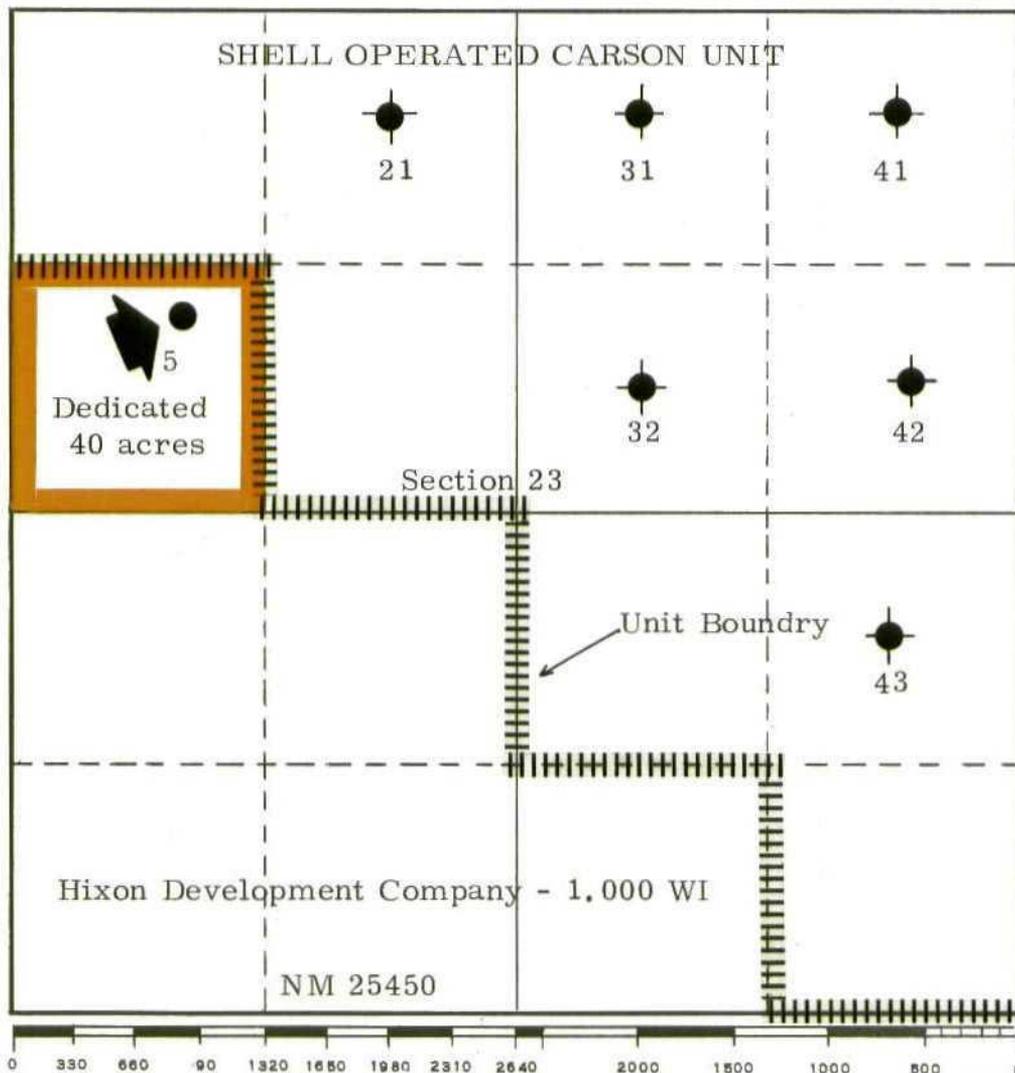
Operator Hixon Development Company		Lease South Carson Federal 23		Well No. 5
Unit Letter E	Section 23	Township 25N	Range 12W	County San Juan
Actual Footage Location of Well: 990 feet from the West line and 1650' feet from the North line				
Ground Level Elev.	Producing Formation Lower Gallup Sand	Pool Bisti Lower Gallup	Dedicated Acreage: 40 Acres	

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

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

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

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



CERTIFICATION

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

Aldrich L. Kuchera

Name
Aldrich L. Kuchera

Position
Petroleum Engineer

Company
Hixon Development Co.

Date
1-10-80

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. _____

EXHIBIT II

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

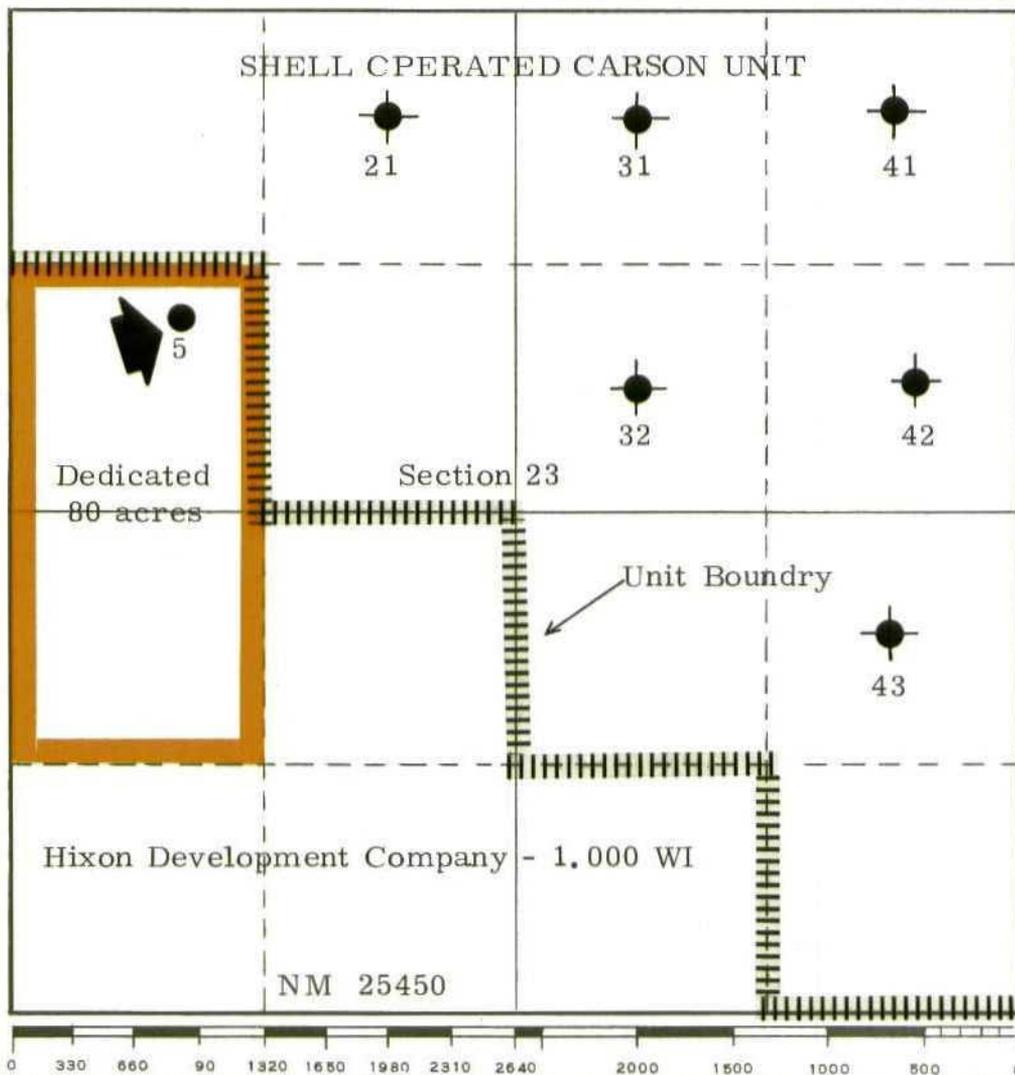
Operator Hixon Development Company		Lease South Carson Federal 23			Well No. 5
Unit Letter E	Section 23	Township 25N	Range 12W	County San Juan	
Actual Footage Location of Well: 990 feet from the West line and 1650 feet from the North line					
Ground Level Elev.	Producing Formation Lower Gallup Sand		Pool Bisti Lower Gallup	Dedicated Acreage: 80 Acres	

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

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

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

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



CERTIFICATION

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

Aldrich L. Kuchera
Name

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Position
Petroleum Engineer

Company
Hixon Development Co.

Date
1-10-80

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.

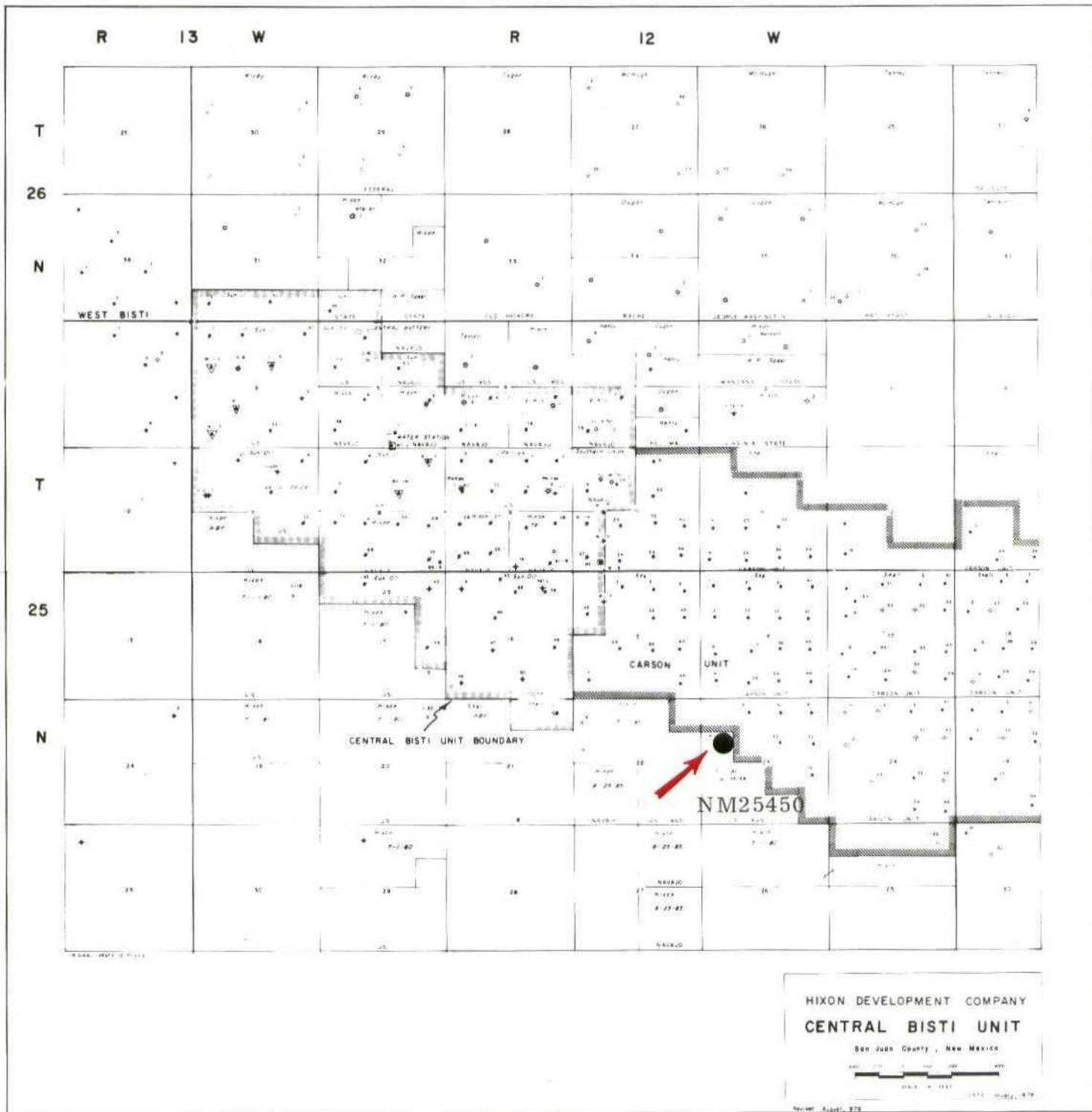


FIGURE 1

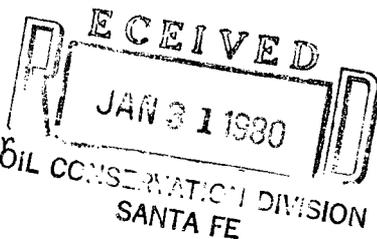
HIXON DEVELOPMENT COMPANY

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January 30, 1980

Mr. Joe D. Ramey, Director
State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501



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For Unorthodox Proration Unit
South Carson Federal 23 Well No. 5
1650' FNL, 990' FWL, Section 23, T25N, R12W
San Juan County, New Mexico

Dear Mr. Ramey:

As a follow up to our January 10th application regarding the above, Shell Oil Company as offset operator has contacted us 1-30-80 stating that they have no objection to our drilling the subject well. Shell Oil's "no objection" is contingent on Hixon Development Company's providing Shell with a Daily Drilling Report along with all pertinent test and production data for the South Carson Federal 23 No. 5 well.

Please give our Application for Administrative Approval your earliest consideration in view of our drilling rig availability during the first week in March 1980.

Very truly yours,

Hixon Development Company

by Aldrich L. Kuchera

Aldrich L. Kuchera
Vice President

ALK:cd

cc: F. T. Bethel
Shell Oil Company
Rocky Mountain Division
Box 831
Houston, Texas 77001

January 30, 1980
Page 2

cc: Mr. Frank Chavez
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Ray Bridges
Hixon Development Company
341 Milam Building
San Antonio, Texas 78205