



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



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**THE APPLICATION OF ORYX ENERGY COMPANY
FOR A NON-STANDARD OIL PRORATION UNIT,
LEA COUNTY, NEW MEXICO.**

ORDER NSP-1651

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

The applicant in this matter, ORYX Energy Company, by letter dated June 26, 1992, seeks an exception to the provisions of Division Order No. R-69-D, which in part, promulgated "Special Operating Procedures" for the Bagley Siluro-Devonian Pool. At this time the applicant seeks approval of a non-standard 39.89-acre oil spacing and proration unit comprising Lot 2 (NW/4 NE/4 equivalent, Unit B) of Section 2, Township 12 South, Range 33 East, NMPM, Bagley Siluro-Devonian Pool, Lea County, New Mexico, said unit to be dedicated to the existing State "C" AC-1 Com Well No. 1 located at a standard oil well location 660 feet from the North line and 1980 feet from the East line of said Section 2.

The Division Director Finds That:

- (1) The above-described well in this matter was the subject of Division Order No. R-4460, issued in Case 4877 and dated January 5, 1973, which authorized a Bagley Siluro-Devonian non-standard 80-acre, more or less, oil proration unit comprising the NW/4 NE/4 (Unit B) and NE/4 NW/4 (Unit C) equivalents of said Section 2.
- (2) Said Order R-4460 also approved a non-standard 40-acre oil spacing and proration unit in the Bagley Siluro-Devonian Pool comprising the SE/4 NW/4 (Unit F) of said Section 2 in which the ORYX Energy Company State "C" AC-1 Well No. 2 was dedicated.
- (3) In January 1984 the predecessor to ORYX Energy Company, Sun Exploration and Production Company, recompleted its State "C" AC-1 Well No. 5, located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 2, from the Bagley Pennsylvanian Pool to the Siluro-Devonian zone. Technically this No. 5 well shared in the

allowable assigned the established 79.78-acre unit dedicated to the State "C" AC-1 Well No. 1 in Unit B, even though the C-102 for the No.5 well showed the proration unit to be the E/2 NW/4 equivalent. The E/2 NW/4 rededication to the No. 5 and 1 wells has apparently never been recognized since ORYX is now filing this application to correct this condition.

(4) It appears the intent of this application is to change the existing non-standard 79.78-acre dedication for the State "C" AC-1 Well Nos. 5 and 1 in Units C and B, respectively, comprising Lots 2 and 3 (NW/4 NE/4 and NE/4 NW/4 equivalents) and the current 40-acre non-standard oil proration unit for the State "C" AC-1 Well No. 2 comprising the SE/4 NW/4 (Unit F) to the following:

- form a standard 79.89-acre oil spacing and proration unit comprising Lot 3 (Unit C) and the SE/4 NW/4 (Unit F) to be rededicate to the aforementioned State "C" AC-1 Well Nos. 2 and 5; and,
- form a non-standard 39.89-acre oil spacing and proration unit with Lot 2 (Unit B) and rededicate to the State "C" AC-1 Well No. 1.

(5) The applicant originally filed this application for administrative review pursuant to Division General Rule 104.D(2).

(6) After thorough evaluation of said request and of the regulations applicable in this matter, including Division Order Nos. R-69, R-69-A, R-69-B, R-69-C, R-69-D, R-9624, and Memorandum 4-86, it was determined that administrative approval could be granted.

(7) New Mexico Oil Conservation Division records indicate the following:

- a. special pool rules for the Bagley Siluro-Devonian Pool, adopted by said Division Order No. R-69, as amended, includes 80-acre spacing;
- b. the pool has essentially been developed on 40-acre spacing;
- c. the regulations affecting this pool were issued in 1951 and over the years the Division has relaxed many of the more stringent procedures for variances included in such older orders; and,

d. rededication of this acreage would not adversely effect correlative rights.

(8) Other than ORYX Energy Company there is only one other off-setting operator and notice pursuant to Rule 104.D(2)(a)(iv) was made.

(9) No objection has been filed in this matter within the prescribed 30 day waiting period.

It Is Therefore Ordered That:

(1) Division Order No. R-4460, issued in Case 4877 and dated January 5, 1973, which authorized the Bagley Siluro-Devonian non-standard 79.78-acre oil proration unit comprising Lots 2 and 3, the NW/4 NE/4 (Unit B) and NE/4 NW/4 (Unit C) equivalents, of Section 2, Township 12 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby placed in abeyance until further notice.

(2) The application of ORYX Energy Company for the creation of a non-standard 39.89-acre oil spacing and proration unit comprising Lot 2 (Unit B) of said Section 2 to be rededicate to its State "C" AC-1 Well No. 1 located at a standard oil well location 660 feet from the North line and 1980 feet from the East line of said Section 2, is hereby approved.

(3) The rededication and simultaneous dedication of Bagley Siluro-Devonian Pool production from the 79.89 acres comprising Lot 3 (Unit C) and the SE/4 NW/4 (Unit F) of said Section 2 to the State "C" AC-1 Well Nos. 2 and 5, located in Units F and C, respectively, is also recognized by the Division at this time.

(4) Jurisdiction of the cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, this 30th day of July, 1992.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

cc: Oil Conservation Division - Hobbs
State Land Office - Santa Fe