

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 13050
ORDER NO. R-5448-A

APPLICATION OF DOYLE HARTMAN, OIL OPERATOR FOR SIMULTANEOUS
DEDICATION, AN EXCEPTION TO RULE 3 (D) OF THE SPECIAL RULES AND
REGULATIONS FOR THE EUMONT GAS POOL, AN UNORTHODOX INFILL
GAS WELL LOCATION, AND TO AMEND DIVISION ADMINISTRATIVE
ORDER NSL-4773 (SD), LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 24, 2003, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 21st day of May, 2004, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001, the Division caused the prorationing of gas production to cease within the Eumont Gas Pool (76480) and promulgated "*Special Pool Rules for the Eumont Gas Pool*" which provide for: (i) oil development on standard 40-acre oil spacing units [Rule 2 (B)] and gas development on standard 640-acre gas spacing units [Rule 2 (A)]; (ii) gas development on a well density based on one well per 160 acres [Rules 3 (C) and (D)]; (iii) gas well locations to be no closer than 660 feet to any outer boundary of the assigned gas spacing unit or governmental quarter section line nor closer than 330 feet to any governmental quarter-quarter section line [Rule (A) (2)]; and (iv) administrative exceptions, in most cases, to these rules (Rule 4).

(3) These special rules further prohibit: (i) the simultaneous dedication of acreage committed to a gas well in the Eumont Gas Pool to an oil well in the Eumont Gas Pool [Rule 2 (C)]; and (ii) a gas well density greater than one Eumont well per quarter-quarter section [Rule 3 (D)].

(4) The vertical limits of the Eumont Gas Pool extend from the top of the Yates formation, through the Seven Rivers formation, to the base of the Queen formation.

(5) The applicant in this case, Doyle Hartman ("Applicant"), is the designated operator of a non-standard 320-acre gas spacing unit in the Eumont Gas Pool comprising the W/2 E/2 (Units B, G, J, and O) and E/2 W/2 (Units C, F, K, and N) of Section 7, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico (originally approved by Division Order No. R-5448, issued in Case No. 5935 on June 8, 1977). By Division Administrative Orders SD-99-9, dated August 23, 1999, and NSL-4773 (SD), dated September 4, 2002, Doyle Hartman was granted authorization to simultaneously dedicate the following six gas wells to this 320-acre unit:

(a) H. M. Britt Well No. 1 (API No. 30-025-05972) (the subject of Division Administrative Order SD-99-9) located at a standard gas well location 1980 feet from the North and West lines (Unit F) of Section 7;

(b) H. M. Britt Well No. 3 (API No. 30-025-05991), located at an unorthodox gas well location (approved by Division Order No. R-5448) 2310 feet from the North line and 1650 feet from the East line (Unit G) of Section 7;

(c) H. M. Britt Well No. 4 (API No. 30-025-05992), located at a standard gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 7;

(d) H. M. Britt Well No. 5 (API No. 30-025-05993), located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 7;

(e) H. M. Britt Well No. 12 (API No. **30-025-05999**), located at an unorthodox gas well location (also approved by Division Order No. R-5448) 330 feet from the North line and 2281 feet from the West line (Unit C) of Section 7; and

(f) Britt Well No. 14 (API No. 30-025-35152), located at an unorthodox gas well location [approved by Division Administrative Order NSL-4773 (SD)] 1400 feet from the South line and 2310 feet from the East line (Unit J) of Section 7.

(6) Applicant now seeks an exception to Rule 3 (D) of the special rules governing the Eumont Gas Pool, to allow its existing H. M. Britt Well No. 2 (API No. 30-025-05990), located at a standard infill gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 7, to be recompleted as a Eumont gas producer within the same quarter-quarter section [NE/4NW/4 (Unit C)] as the above-described H. M. Britt Well No. 12.

(7) Applicant further proposes to replace the above-described H. M. Britt Well No. 3 within the SW/4 NE/4 (Unit G) of Section 7 with its existing H. M. Britt Well No. 11 (API No. 30-025-05998), located at an unorthodox infill gas well location 1650 feet from the North and East lines (Unit G) of Section 7.

(8) Applicant seeks to amend Division Administrative Order NSL-4773 (SD) to properly reflect any changes approved by the order issued in this case.

(9) Kerr-McGee Oil & Gas Onshore, L.L.C., an offset operator to the subject 320-acre unit, appeared at the hearing through legal counsel, but offered no testimony.

(10) Within the NE/4 NW/4 (Unit C) of Section 7, Doyle Hartman has recompleted its H. M. Britt Well No. 2 from the Eunice-Monument (**Grayburg-San Andres**) Pool (23000), where it was initially completed in 1936, into the Queen formation, the lower portion of the Eumont Gas Pool, through perforations from 3,017 feet to 3,277 feet. The above-described H. M. Britt Well No. 12, which was initially drilled in 1954 to a total depth of 5,713 feet, is currently producing from the upper Yates and Seven Rivers intervals of the upper portion of the Eumont Gas Pool through perforations from 2,293 feet to 2,955 feet. Testimony was presented to indicate that the current conditions of the H. M. Britt Wells No. 2 and 12, due to their completion techniques and age, are such that neither well could be economically worked over or worked over in a sound engineering manner through the entire gas productive interval of the Eumont Gas Pool.

(11) Both the H. M. Britt Well No. 2 and 12 are needed to drain the entire vertical extent of the Eumont Gas Pool within the northwestern portion of this 320-acre unit.

(12) Within the SW/4 NE/4 (Unit G) of Section 7, due to water production and economics, Applicant will abandon the above-described H. M. Britt Well No. 3 and, in order to further deplete the Eumont gas reserves underlying the unit, proposes to replace it with the H. M. Britt Well No. 11, which was recently recompleted from the Eunice-Monument Pool to the Eumont Gas Pool with perforations from 3,081 feet to 3,298 feet.

(13) The H. M. Britt Well No. 11 was initially drilled in 1954 to a total depth of 5,710 feet. Its location, like that of the H. M. Britt Well No. 3, is 330 feet from the eastern outer boundary of the subject 320-acre unit, resulting in it being an unorthodox Eumont gas well location pursuant to Rule (A) (2) of the special pool rules.

(14) No offset operator and/or interest owner appeared at the hearing in opposition to this application.

(15) Approval of this application will provide Doyle Hartman the opportunity to deplete the Eumont gas reservoir underlying this 320-acre unit, which will allow increased recovery of reserves otherwise unrecoverable, is in the best interest of conservation, supports sound engineering practices, and will otherwise serve to prevent waste and protect correlative rights.

(16) In order to simplify the administrative process, the order issued in this case should replace the provisions of Division Administrative Orders SD-99-9 and NSL-4773 (SD).

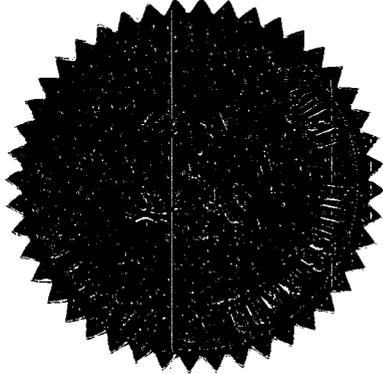
IT IS THEREFORE ORDERED THAT :

(1) Pursuant to the application of Doyle Hartman ("Applicant"), the 320-acre non-standard gas spacing unit in the Eumont Gas Pool (76480) comprising the W/2 E/2 (Units B, G, J, and O) and E/2 W/2 (Units C, F, K, and N) of Section 7, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico (approved by Division Order No. R-5448, issued in Case No. 5935 on June 8, 1977), shall be simultaneously dedicated to the seven (7) following-described wells:

- (a) H. M. Britt Well No. 1 (API No. **30-025-05972**), located at a standard gas well location 1980 feet from the North and West lines (Unit F) of Section 7;

- (b) H. M. Britt Well No. 2 (**API No. 30-025-05990**), located at a standard gas well location 660 feet from the North line and 1980 feet from the West line (**Unit C**) of Section 7;
 - (c) H. M. Britt Well No. 4 (**API No. 30-025-05992**), located at a standard gas well location 660 feet from the North line and 1980 feet from the East line (**Unit B**) of Section 7;
 - (d) H. M. Britt Well No. 5 (**API No. 30-025-05993**), located at a standard gas well location 1980 feet from the South and West lines (**Unit K**) of Section 7;
 - (e) H. M. Britt Well No. 11 (**API No. 30-025-05998**), located at an unorthodox infill gas well location, herein approved, 1650 feet from the North and East lines (**Unit G**) of Section 7;
 - (f) H. M. Britt Well No. 12 (**API No. 30-025-05999**), located at an unorthodox gas well location 330 feet from the North line and 2281 feet from the West line (**Unit C**) of Section 7; and
 - (g) Britt Well No. 14 (**API No. 30-025-35152**), located at an unorthodox gas well location 1400 feet from the South line and 2310 feet from the East line (**Unit J**) of Section 7.
- (2) Division Administrative Orders SD-99-9, dated August 23, 1999, and NSL-4773 (SD), dated September 4, 2002, are hereby rescinded and placed in abeyance until further notice.
- (3) Jurisdiction of this case 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Joanna Prukop in cursive script.

JOANNA PRUKOP
Cabinet Secretary/Interim Director