

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. 10795  
Order No. R-10007*

**APPLICATION OF DAVID H. ARRINGTON OIL & GAS INC. FOR AN  
UNORTHODOX GAS WELL LOCATION AND A NON-STANDARD GAS PRORATION  
UNIT, LEA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on September 23, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of November, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, David H. Arrington Oil & Gas Inc., seeks approval to drill its proposed Foster Well No. 3 at an unorthodox Eumont Gas well location 660 feet from the South line and 330 feet from the East line (Unit P) of Section 34, Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.
- (3) Applicant proposes to dedicate the S/2 S/2 of said Section 34 to the subject well forming a non-standard 160-acre gas spacing and proration unit.
- (4) According to Division records the subject non-standard 160-acre unit was originally authorized by Division Administrative Order NSP-393 on September 18, 1957 and had dedicated thereon the (Shell Oil Company) Foster Well No. 2 located at a standard gas well location 660 feet from the South line and 1650 feet from the East line (Unit O) of said Section 34, which was drilled in 1939 and completed in the Monument Pool; in 1957 said well was recomplected to the Eumont Gas Pool which caused said Order to be issued. Further investigation shows this well was reclassified from a Eumont

gas well to a Eumont oil well in 1978, therefore the acreage dedication was henceforth reduced to a 40-acre oil spacing unit comprising the SW/4 SE/4 of said Section 34. On July 31, 1981, the well reclassified from a Eumont oil well to a Eumont gas well, by Division Administrative Order NSP-1311, dated June 17, 1982, the same 160-acre non-standard gas proration unit was once again authorized to said well. On September 1, 1984 the same well reclassified once again to an oil well, its acreage dedication was automatically changed to a 40-acre oil spacing and proration unit comprising the SW/4 SE/4 of said Section 34 and in so doing the subject 160-acre unit ceased to exist at that point in time.

(5) At the time of the hearing it was requested by applicant's legal counsel to dismiss that portion of this case seeking the creation of said non-standard 160-acre unit since, at the time, it appeared the 160-acre unit was still in existence. This subsequently is found not to be the case.

(6) The applicant's request for dismissal, which was granted at the hearing, should now be withdrawn.

(7) The Eumont Gas Pool is governed under the Division's *General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Eumont Oil and Gas Pool*, as promulgated by Division Order No. R-8170, as amended, which require wells to be located no closer than 660 feet from the outer boundary of a gas spacing and proration unit with a maximum acreage of 160 acres. A standard gas proration and spacing unit for said pool is 640 acres.

(8) The applicant presented geologic evidence which indicates that a well drilled at the proposed unorthodox location should encounter the "Queen" portion of said Pool at a higher structural position than a well drilled at another location within the unit that would be considered standard, thereby increasing the likelihood of obtaining commercial gas production; and considering the subject acreage had been previously authorized twice by administrative action; and in that no off-set operator or interested party has appeared in opposition to the requested S/2 S/2 160-acre non-standard Eumont gas spacing and proration unit or said unorthodox location request, the application as advertised should be approved.

(9) For the purposes of assigning a gas allowable in the Eumont Gas Pool, the subject non-standard proration unit should be assigned an acreage factor of 1.0.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will 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 and will otherwise prevent waste and protect correlative rights.

(11) Division Administrative Order NSP-393, dated September 18, 1957, and Division Administrative Order NSP-1311, dated June 17, 1982, should both be rescinded at this time.

**IT IS THEREFORE ORDERED THAT:**

(1) The application of David H. Arrington Oil & Gas Inc. for a non-standard 160-acre gas spacing and proration unit in the Eumont Gas Pool comprising the S/2 S/2 of Section 34, Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established for its proposed Foster Well No. 3 to be drilled at an unorthodox gas well location 660 feet from the South line and 330 feet from the East line (Unit P) of said Section 34, which location is also approved.

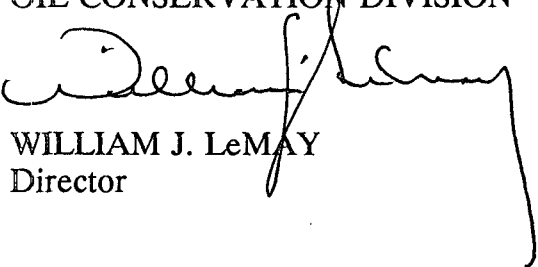
(2) Division Administrative Order NSP-393, dated September 18, 1957, and Division Administrative Order NSP-1311, dated June 17, 1982, are hereby rescinded.

(3) For the purposes of assigning a gas allowable in the Eumont Gas Pool, the subject non-standard proration unit shall be assigned an acreage factor of 1.0.

(4) Jurisdiction of this cause is hereby 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.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LeMAY  
Director

S E A L

Shell Oil Company



P.O. Box 991  
Houston, Texas 77001

May 7, 1982

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87501

NSP - 1311  
5/12 5/12 Sec 34-195-36E  
Rule 5 (c) (3) R1670  
6-11-82

Gentlemen:

SUBJECT: APPLICATION FOR NON-STANDARD  
GAS PRORATION UNIT  
SHELL - J. A. FOSTER NO. 2  
EUMONT POOL  
LEA COUNTY, NEW MEXICO

Shell Oil company requests administrative approval to assign a 160 acre non-standard gas proration unit to Shell-Foster No. 2. At the present time 40 acres is assigned to the subject well. On July 31, 1981, the well was reclassified from an oil well to a gas well in the Eumont Pool.

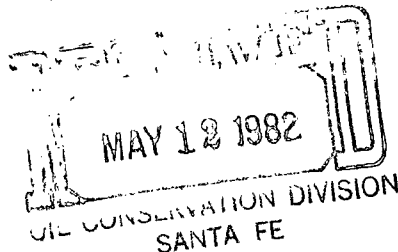
Foster No. 2 is located in Unit Letter O, 660 FSL and 1650 FEL, Section 34, T-19-S, R-36-E.

A copy of this application has been sent by certified mail to all offset operators.

If additional information is required, please advise.

Yours very truly,

A. J. Fore  
Supervisor Regulatory and Permitting  
Mid-Continent Division



DMB/dmb

Attachments

cc: State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 1980  
Hobbs, NM 88240

**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102  
Supersedes C-128  
Effective 1-4-85

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

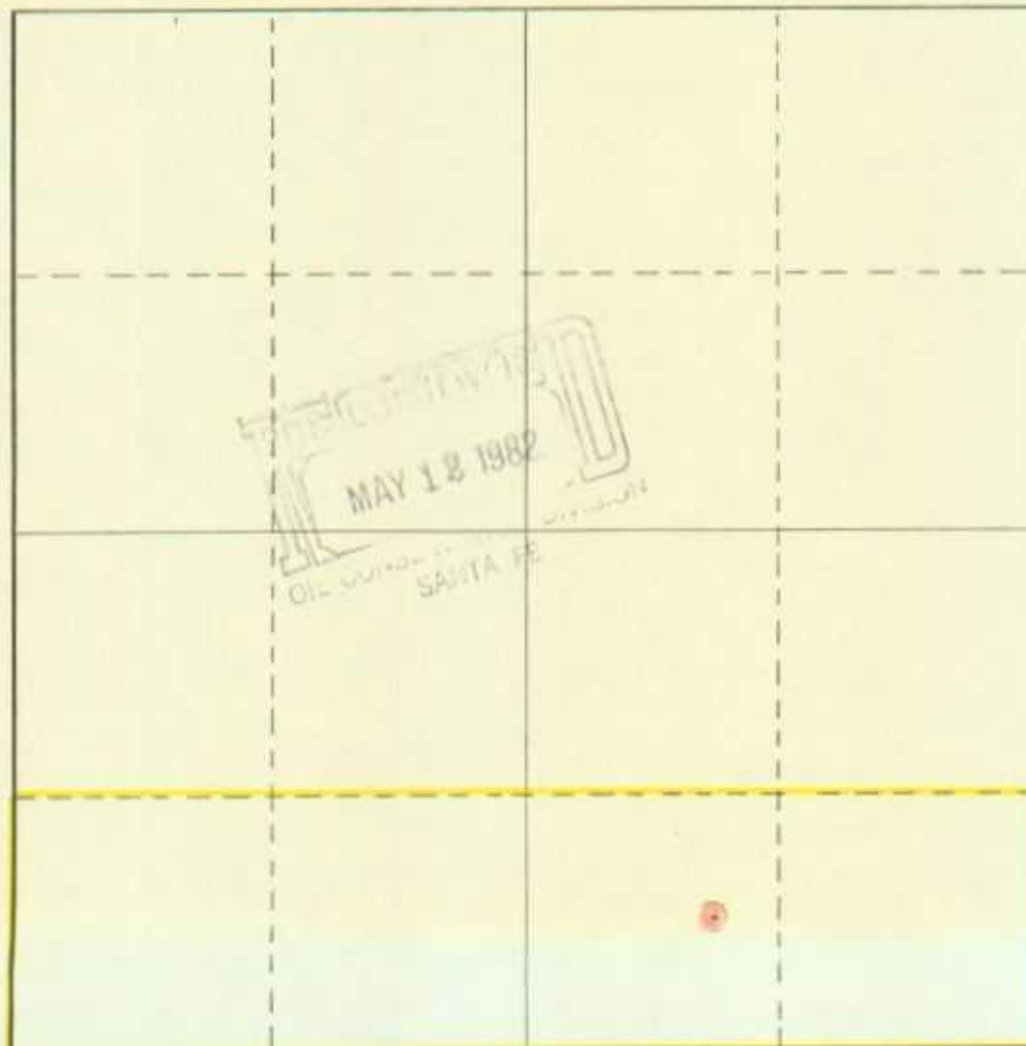
Operator <b>SHELL OIL COMPANY</b>			Lease <b>J. A. FOSTER</b>		Well No. <b>2</b>
Unit Letter <b>0</b>	Section <b>34</b>	Township <b>19-S</b>	Range <b>36-E</b>	County <b>LEA</b>	
Actual Footage Location of Well: <b>660</b> feet from the <b>SOUTH</b> line and <b>1650</b> feet from the <b>EAST</b> line					
Ground Level Elev. <b>3627' DF</b>	Producing Formation <b>YATES, SEVEN RIVERS, QUEEN</b>		Pool <b>EUMONT</b>	Dedicated Acreage: <b>160</b> 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.*

Name  
*[Signature]* **A. J. FORE**  
Engineer  
**SUPERVISOR, REGULATORY AND PERMITTING**

Company  
**SHELL OIL COMPANY**

Date  
**MAY 7, 1982**

*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.*

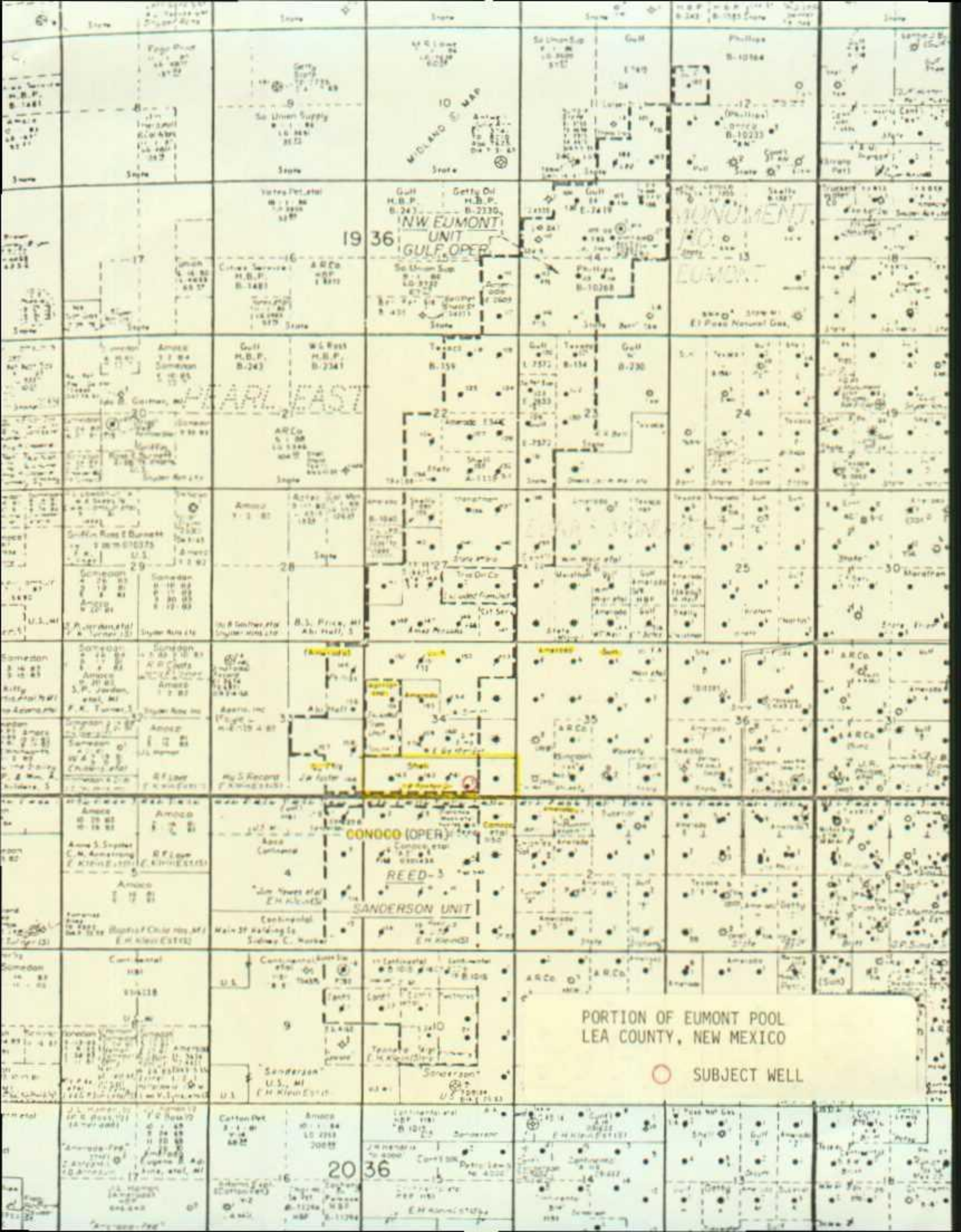
Date Surveyed \_\_\_\_\_

Registered Professional Engineer and/or Land Surveyor \_\_\_\_\_

Certificate No. \_\_\_\_\_

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0





Shell Oil Company



P.O. Box 991  
Houston, Texas 77001

May 7, 1982

TO: OFFSET OPERATORS  
(See Attached List)

Gentlemen:

SUBJECT: APPLICATION FOR NON-STANDARD  
GAS PRORATION UNIT  
SHELL - J. A. FOSTER NO. 2  
660 FSL AND 1650 FEL,  
SECTION 34, T-19-S, R-36-E  
EUMONT POOL  
LEA COUNTY, NEW MEXICO

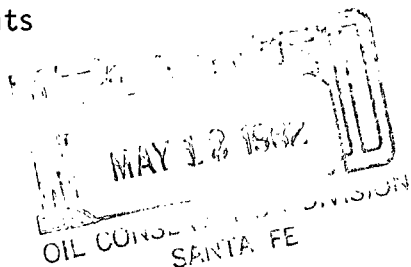
Attached is a copy of Shell Oil Company's application to the New Mexico Energy and Minerals Department for a 160 acre non-standard gas proration unit for the Foster No. 2 in the Eumont Pool.

Yours very truly,

A. J. Fore  
Supervisor Regulatory and Permitting  
Mid-Continent Division

DMB/dmb

Attachments



SHELL - J. A. FOSTER LEASE  
OFFSET OPERATORS

AMERADA HESS CORPORATION  
BOX 2040  
TULSA, OKLAHOMA 74102

CONOCO INC.  
P. O. BOX 460  
HOBBS, NEW MEXICO 88240

GULF OIL CORPORATION  
P. O. BOX 1150  
MIDLAND, TEXAS 79702

SUN EXPLORATION AND PRODUCTION COMPANY  
P. O. BOX 2880  
DALLAS, TEXAS 75221

WARRIOR INC.  
206 NORTH MAIN  
MIDLAND, TEXAS 79701



P 226 788 894

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENT TO		AMERADA HESS CORP.		
STREET AND NO.		BOX 2040		
P.O., STATE AND ZIP CODE		TULSA, OK 74102		
POSTAGE		\$		
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢		
	SPECIAL DELIVERY	¢		
	RESTRICTED DELIVERY	¢		
	OPTIONAL SERVICES RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	¢	
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢	
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		¢		
TOTAL POSTAGE AND FEES		\$		
POSTMARK OR DATE				
D. M. BRANFORD WCK 4435 MAY 10, 1982				

CERTIFIED

P 226 788 894

MAIL

P 226 788 895

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENT TO		CONOCO, INC.		
STREET AND NO.		P. O. BOX 460		
P.O., STATE AND ZIP CODE		HOBBS, NM 88240		
POSTAGE		\$		
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢		
	SPECIAL DELIVERY	¢		
	RESTRICTED DELIVERY	¢		
	OPTIONAL SERVICES RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	¢	
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢	
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		¢		
TOTAL POSTAGE AND FEES		\$		
POSTMARK OR DATE				
D. M. BRANFORD WCK 4435 MAY 10, 1982				

PS Form 3800, Apr. 1976

CERTIFIED

P 226 788 895

MAIL

P 226 788 896

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENT TO		GULF OIL CORPORATION		
STREET AND NO.		P. O. BOX 1150		
P.O., STATE AND ZIP CODE		MIDLAND, TEXAS 79702		
POSTAGE		\$		
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢		
	SPECIAL DELIVERY	¢		
	RESTRICTED DELIVERY	¢		
	OPTIONAL SERVICES RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	¢	
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢	
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		¢		
TOTAL POSTAGE AND FEES		\$		
POSTMARK OR DATE				
D. M. BRANFORD WCK 4435 MAY 10, 1982				

PS Form 3800, Apr. 1976

CERTIFIED

P 226 788 896

MAIL

P 226 788 897

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENT TO		SUN EXPL. AND PROD. CO.	
STREET AND NO.		P. O. BOX 2880	
P.O., STATE AND ZIP CODE		DALLAS, TEXAS 75221	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	OPTIONAL SERVICES	CERTIFIED FEE	€
		SPECIAL DELIVERY	€
		RESTRICTED DELIVERY	€
		SHOW TO WHOM AND DATE DELIVERED	€
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	€
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	€
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE			
D. M. BRANFORD WCK 4435 MAY 10, 1982			

PS Form 3800, Apr. 1976

P 226 788 898

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENT TO		WARRIOR, INC.	
STREET AND NO.		206 NORTH MAIN	
P.O., STATE AND ZIP CODE		MIDLAND, TEXAS 79701	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	OPTIONAL SERVICES	CERTIFIED FEE	€
		SPECIAL DELIVERY	€
		RESTRICTED DELIVERY	€
		SHOW TO WHOM AND DATE DELIVERED	€
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	€
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	€
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE			
D. M. BRANFORD WCK 4435 MAY 10, 1982			

PS Form 3800, Apr. 1976

CERTIFIED

P 226 788 897

MAIL

CERTIFIED

P 226 788 898

MAIL