

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. 9748
Order No. R-5008-A

APPLICATION OF CONOCO INC. FOR
REVISION OF DIVISION ORDER NO.
R-5008 AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 20, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of October, 1989, 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) By Order No. R-5008, dated May 6, 1975, the Division, upon the application of Continental Oil Company (Conoco Inc.), established two non-standard gas proration units in the Eumont Gas Pool comprising parts of Sections 10 and 15, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, as follows:

A 240-acre unit comprising the SW/4 and the S/2 NW/4 of Section 15, said unit to be dedicated to the applicant's Britt "B" Well No. 3 located at an unorthodox gas well location in Unit 1 of said Section 15; and

CASE NO. 9748
Order No. R-5008-A
Page -2-

A 280-acre unit comprising the SW/4 NW/4 and SW/4 of Section 10 and the N/2 NW/4 of Section 15, said unit to be dedicated to the applicant's Britt "B" Well Nos. 15 and 25 located, respectively, at unorthodox gas well locations in Unit M of said Section 10 and Unit C of said Section 15.

(3) The applicant, Conoco Inc., seeks to revise and consolidate the two non-standard gas proration units as described above by the deletion of the SW/4 NW/4 of Section 10 and the addition of the W/2 E/2 of Section 15, thereby forming a non-standard 640-acre Eumont Gas Pool spacing and proration unit comprising the SW/4 of Section 10 and the W/2 and W/2 E/2 of Section 15, said unit to be simultaneously dedicated to the applicant's Britt "B" Well Nos. 3, 15 and 25 as described above.

(4) The evidence indicates that the proposed acreage consolidation and simultaneous dedication will allow the applicant to more fully utilize the gas allowable assigned to said non-standard unit, resulting in greater gas production, and will not violate correlative rights inasmuch as the Eumont Gas Pool is a prorated gas pool.

(5) The evidence further indicates that the acreage contained within the proposed 640-acre non-standard unit, including the acreage to be added, is a single lease, being the Britt "B" Federal Lease, and that interest ownership is common.

(6) Testimony indicates that the acreage to be deleted from the proposed 640-acre non-standard unit, being the SW/4 NW/4 of said Section 10, has been sold, and that the current owner has no objection to the proposal.

(7) The entire 640-acre non-standard unit may reasonably be presumed productive of gas from the Eumont Gas Pool and said unit can be efficiently and economically drained and developed by the aforesaid Britt "B" Well Nos. 3, 15 and 25.

(8) No other offset operator and/or interest owner appeared and objected to the application.

CASE NO. 9748
Order No. R-5008-A
Page -3-

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas 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.

(10) The portion of Division Order No. R-5008 which approved the two non-standard units as described in Finding No. (2) above should be superseded by this order.

IT IS THEREFORE ORDERED THAT:

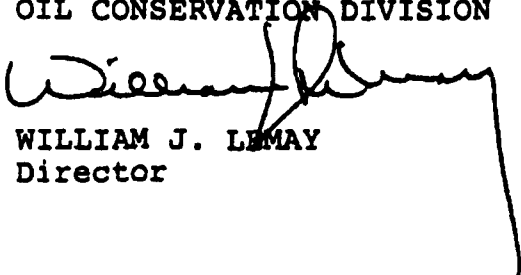
(1) A 640-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 10 and the W/2 and W/2 E/2 of Section 15, both in Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established and simultaneously dedicated to Conoco Inc's. Britt "B" Well Nos. 3, 15 and 25, all located at previously approved unorthodox gas well locations, respectively, in Unit L of Section 15, Unit M of Section 10, and Unit C of Section 15.

(2) That portion of Division Order No. R-5008 which approved the two non-standard units as described in Finding No. (2) above is hereby superseded by this order.

(3) Jurisdiction of this cause 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L