

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:

APPLICATION OF DALEN RESOURCES OIL & GAS CO.
FOR THE CREATION OF A NEW POOL FOR
STRAWN FORMATION PRODUCTION INCLUDING
THE ADOPTION OF SPECIAL RULES,
LEA COUNTY, NEW MEXICO.

CASE NO. 11201

A P P L I C A T I O N

Comes now Dalen Resources Oil & Gas Co., by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation for the creation of a new oil pool to be designated the Opal-Strawn Pool for production from the Strawn formation and the promulgation of Special Rules and Regulations for the pool including 80-acre oil spacing and proration units with the discovery well being its Shipp "20" Well No. 1 located 1980 feet from the North line and 1980 feet for the East line (Unit G) of Section 20, Township 17 South, Range 37 East, NMPM with the ~~subject well~~ ~~to be designated to the subject well.~~

and in support thereof states:

1. DALEN Resources Oil & Gas Co. has drilled, completed and now operates its Shipp "20" Well No. 1, located 1980 feet from the North line and 1980 feet from the East line (Unit G) of Section 20, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico. See Exhibit "A" attached.

2. This well constitutes a "new oil discovery" for the production of oil from the Strawn formation.

3. The nearest Strawn oil production is some two miles to the northeast in the Humble City-Strawn Pool and some 1-1/4 miles to the north in the Midway-Strawn Pool.

4. Based upon this discovery, Dalen Resources Oil & Gas Co. seeks the creation of a new pool to be designated the Opal-Strawn Pool which shall be defined as all of the Strawn formation as identified on the log of the discovery well, the top of which is located at approximately 10,854 feet and the bottom of which is located approximately 10,971 feet with an initial pool boundary consisting of:

TOWNSHIP 17 SOUTH, RANGE 37 EAST
Section 20: S/2 NE/4

5. In addition, DALEN Resources Oil & Gas Co. requests the adoption of the following Special Rules and Regulations for this pool:

- (a) 80-acre oil spacing and proration units;
- (b) with no more than one producing well for each 80-acre spacing or proration unit;
- (c) well locations within 150 feet of the center of a governmental quarter-quarter section;
- (d) a special limiting gas oil ratio of 2,000 cubic feet of gas per barrel of oil;
- (e) a special depth bracket maximum oil allowable of 320 barrels of oil per day per oil spacing unit;

(f) that each well completed or recompleted in the Opal-Strawn Pool or the Strawn formation within one mile thereof, shall be spaced, drilled operated and produced in accordance with these special rules.

6. Based upon data from the discovery well, the initial rules for the pool should provide for 80-acre oil proration and spacing units combined with the limit of no more than one well per unit to prevent the drilling of unnecessary wells and to protect correlative rights and provide for the orderly development of the reservoir.

7. Notification of this application and request for hearing to be held on February 2, 1995 has been sent to those parties identified on Exhibit "B" attached.

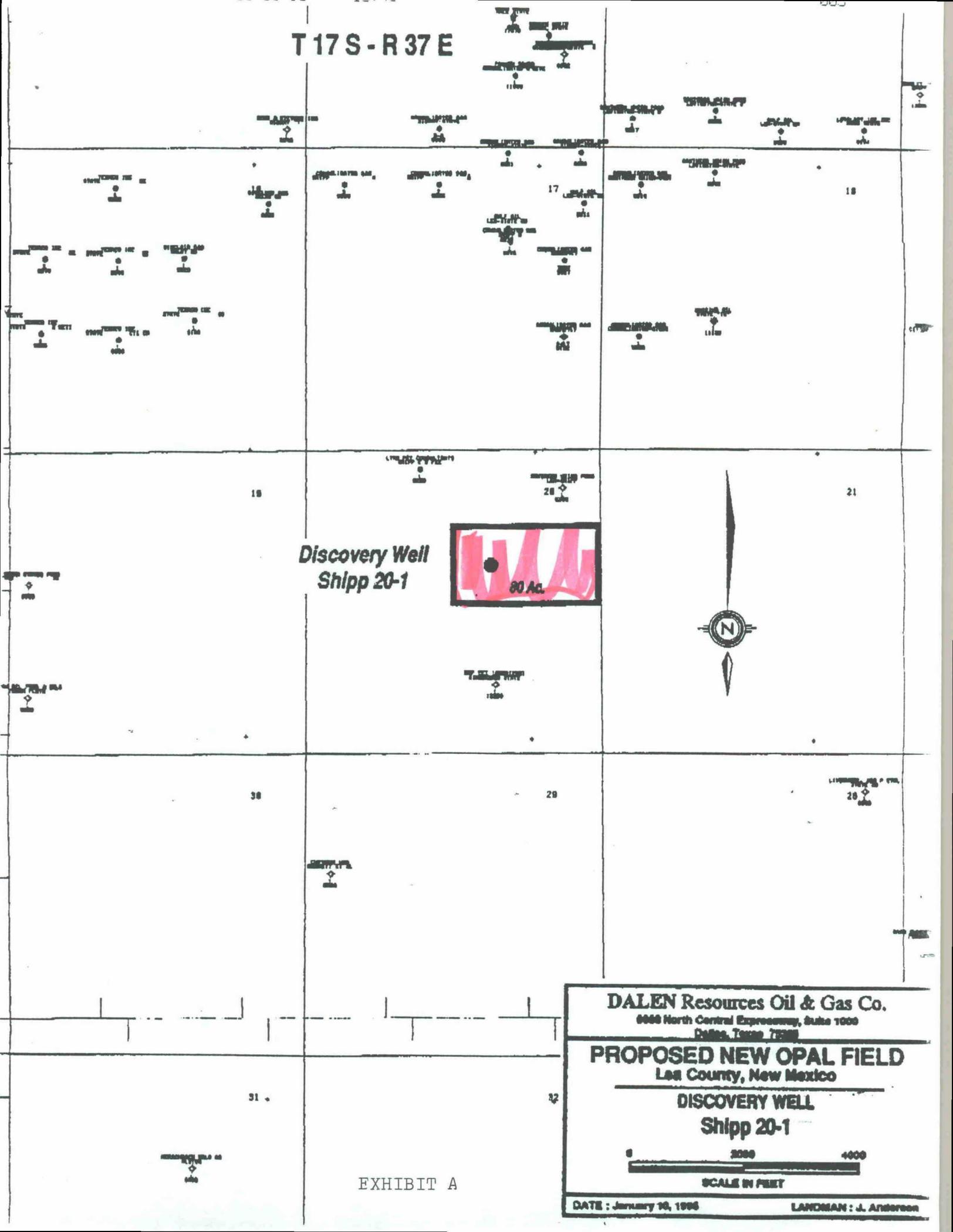
Wherefore, Applicant's request that, after notice and hearing, this application be granted.

Respectfully submitted,



W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87501

T 17 S - R 37 E



Discovery Well
Shipp 20-1



DALEN Resources Oil & Gas Co.
6000 North Central Expressway, Suite 1000
Dallas, Texas 75206

PROPOSED NEW OPAL FIELD
Lea County, New Mexico

DISCOVERY WELL
Shipp 20-1



DATE : January 10, 1996

LANDMAN : J. Anderson

EXHIBIT A

Offset Operators to #1 Shipp Well
Section 20-17S-37E

BTA
104 S. Pecos
Midland, TX 79701

Devon Energy Corp.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102

Pennzoil
P. O. Box 2967
Houston, TX 77252-2967

Maralo, Inc.
P. O. Box 832
Midland, TX 79702-0832

Amoco Production
P. O. Box 3092
Houston, TX 77253