

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

Telephone 982-4285
Area Code 505

January 23, 1989

RECEIVED

JAN 24 1989

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
State Land Office Building
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

Case 9602

Re: Application of BHP Petroleum Inc.
for a Special GOR for the East Avalon
Bone Springs Pool, Eddy County, New Mexico

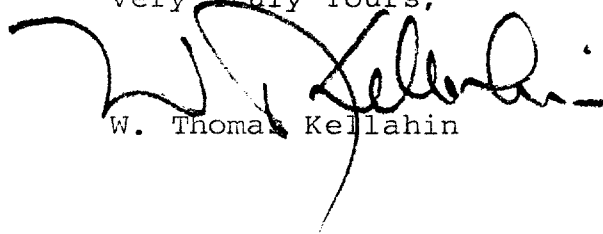
Dear Mr. LeMay:

On behalf of BHP Petroleum Inc. I would appreciate you setting the enclosed application for hearing at the next available examiner's docket now scheduled for February 15, 1989.

This application is a request to establish a Gas Oil Ratio for the East Avalon Bone Springs Pool of Eddy County, New Mexico at a rate of 5,000 to 1 GOR.

By copy of this letter, we are forwarding a copy of the application to all interested parties shown on Exhibit B of the application. Pursuant to Division Notice Rules, this letter and application will serve as notification to all those parties of their rights to appear and present evidence either in favor of or in opposition to the application which will be heard in the New Mexico Oil Conservation Division hearing room in the State Land Office Building, Santa Fe, New Mexico.

Very Truly Yours,



W. Thomas Kellahin

WTK/rs

cc: BHP Petroleum Inc.
All parties shown on
Exhibit B of application.

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

IN THE MATTER OF THE APPLICATION
OF BHP PETROLEUM INC., FOR THE ADOPTION
OF A SPECIAL GAS-OIL RATIO FOR THE EAST
AVALON BONE SPRINGS POOL, EDDY COUNTY,
NEW MEXICO.

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OIL CONSERVATION DIVISION

A P P L I C A T I O N

Case 9602

Comes now BHP Petroleum Inc. by and through its attorneys, Kellahin, Kellahin and Aubrey, and applies to the New Mexico Oil Conservation Division for the adoption of a Special Gas-Oil Ratio Limitation of 5,000 cubic feet of gas to one barrel of oil for the East Avalon Bone Springs Pool, Eddy County, New Mexico and in support thereof would state:

1. Applicant, BHP Petroleum Inc., is the operator of the Burton Flat Deep Unit consisting of some nine wells currently production from the East Avalon Bone Springs Oil Pool.
2. The East Avalon Bone Springs Oil Pool production is currently limited to the statewide GOR limitation of 2,000 cubic feet of gas per 1 barrel of oil produced with a top oil allowable of 107 BOPD.
3. There are a total of thirty wells in the pool currently producing with gas-oil ratios ranging from a high of about 160,000 to 1 to a low of about 36,000 to 1.

4. The pool is in the later stages of depletion with twenty of the pool wells producing 5BOPD or less and with total daily current pool production in the range of 125 BOPD with 5,000 MCFD.

5. The current 2,000 to 1 GOR is unrealistically low for the pool and has resulted in the curtailment of production for a significant number of pool wells.

6. Attached as Exhibit A is a list of operators and interested parties within the subject pool boundaries and also within one mile of the outer boundary of the pool.

7. Attached as Exhibit B is a plat of the area.

8. The parties shown on Exhibit A been sent a copy of this application by regular mail in accordance with Division Rule 1207.

9. At the current stage of pool development and depletion wells in the pool can be operated at a limiting gas-oil ratio of 5,000 cubic feet of gas per barrel of oil without waste or violation of correlative rights.

10. Based upon available engineering data, the proposed limiting gas oil ratio can be made effective as of February 1, 1989 without violation of correlative rights of any party.

11. Increasing the gas-oil ratio to 5,000 to 1 will afford an opportunity to increase current oil production in the pool without damage to the reservoir.
12. Applicant request that this application be set for hearing on the Examiner's docket now scheduled for February 15, 1989.
13. Applicant request that the increase in GOR be for a temporary period of 2 years.

Wherefore, applicant request that after notice and hearing, this application be approved.

Respectfully submitted,



By W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285

ALL WORKING INTEREST OWNERS
BURTON FLAT DEEP UNIT AREA

BHP Petroleum Company Inc.
6 Desta Drive, Suite 3200
Midland, Texas 79705

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

Perry R. Bass
3100 First City Bank Tower
201 Main St.
Ft. Worth, TX 76102

Bass Enterprises Production Co.
3100 First City Bank Tower
201 Main St.
Ft. Worth, TX 76102

Bengal Producing Company
PO Box 4095
Midland, TX 79701

Tom Brown, Inc.
PO Box 2608
Midland, TX 79702

Cibola Energy Corp
1005 Marquette NW
Albuquerque, NM

Chevron U.S.A. Inc.
Attn: Mr. J. C. Prindle
P. O. Box 670
Hobbs, New Mexico 88240

Claremont Corporation
PO Box 549
Claremore, OK 74018

Comanche Oil & Gas
Box 6237
Tyler, TX 75711

Coquina Oil Corporation
Drawer 2960
Midland, TX 79702

Coronado Exploration
210 North Main
Midland, TX 79701

Dayoil, Inc.
Attn: Mr. J. L. Brannon
P. O. Box 12507
Fort Worth, TX 76116

Exxon Company, U.S.A.
Attn: Gary Gould
Southwestern Production Division
P. O. Box 1600
Midland, Texas 79702

Flag-Redfern Oil Company
Attn: Land Department
P. O. Box 23
Midland, Texas 79702

Great Western Drilling Company
Attn: Mr. Pat Shanahan
P. O. Box 1659
Midland, Texas 79702

J. M. Huber Corporation
2000 West Loop South
Houston, TX 77027

Hudson Joint Oil Account
Edward R. Hudson, Jr.
616 Texas Street
Fort Worth, TX 76102-4612

Shirley Johnston
Comanche Oil & Gas
P. O. Box 1824
Midland, TX 79701

L & T Oil Co., Inc.
Attn: Pat Trammel
2209 W. Industrial
Midland, TX 79701

Liberty Oil & Gas
Dr 810
New Roads, LA 70760-0810

Manzano Oil Corporation
Attn: Kenneth V. Barbe, Jr.
P. O. Box 2107
Roswell, NM 88201

Bill L. Miller
Box 3396
Evergreen, CO 80439

Mobil Producing Texas & New Mexico Inc.
Attn: Mr. Fred Schantz
P. O. Box 633
Midland, Texas 79702

: 3

OXY U.S.A., Inc.
Attn: Land Department
P. O. Box 50250
Midland, Texas 79710

Pennzoil Company (O&G Division)
Box 2967
Houston, TX 77001

Petro Resources Inc.
1126 Fort Worth Club Twr
Fort Worth, TX 76102

Petrus Oil Co.
Attn: Don Spence
12377 Merit Drive Suite 1600
Dallas, TX 75251

Phillips Petroleum Corporation
Attn: D. J. Fisher
Permian Basin Region
4001 Penbrook
Odessa, TX 79762

Presidio Energy, Inc.
Attn: Ron Henderson
3131 Turtle Creek Blvd. Suite 400
Dallas, TX 75219-5415

Redfern Enterprises, Inc.
P. O. Box 2280
Midland, Texas 79702

Pauline Trigg
1800 S. Missouri
Roswell, NM

Terra Resources
10 Desta Drive Ste 500
Midland, TX 79705

Texaco, Inc.
PO Box 3109
Midland, TX 79702

Turner Production Co.
One Energy Square Ste 852
4925 Greenville Ave.
Dallas, TX 75206-4079

Union Oil Company of Calif.
500 Executive Plaza East
4615 SW Frwy
Houston, TX 77027

Harvey E. Yates Co.
Box 1933 One Sunwest Centre
Roswell, NM 88201

Martin Yates, III
207 South Fourth Street
Artesia, NM 88210

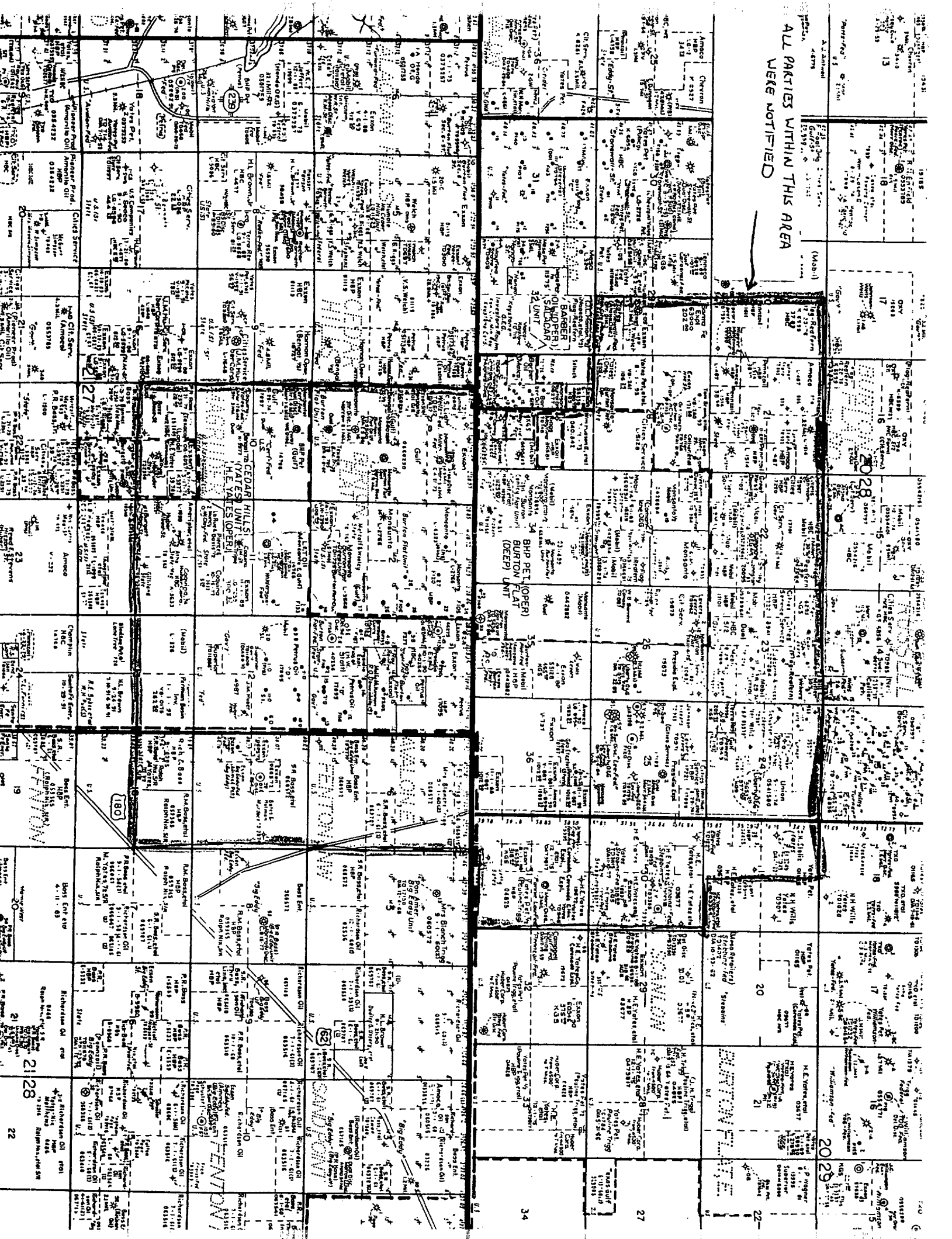
S. P. Yates
105 South Fourth Street
Artesia, NM 88210

Oil Conservation Division
State Land Office Bldg
Santa Fe, NM 87501

Bureau of Land Management
Box 1397
Roswell, NM 88201

Oil Conservation Commission
Drawer DD
Artesia, NM 88240

ALL PARTIES WITHIN THIS AREA
WERE NOTIFIED



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