



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONEY ANAYA
 GOVERNOR

February 20, 1985

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-5800

Mr. William F. Carr
 Campbell & Black
 Attorneys at Law
 Post Office Box 2208
 Santa Fe, New Mexico

Re: CASE NO. 2447
 ORDER NO. R-7830

Applicant:
Chama Petroleum Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS
 Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD

Other Karen Aubrey

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8447
Order No. R-7830

APPLICATION OF CHAMA PETROLEUM
COMPANY TO LIMIT THE LEA-
PENNSYLVANIAN GAS POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 3, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of February, 1985, 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) Division Case No. 8446 was consolidated with this case at the time of the hearing for the purpose of testimony.
- (3) The applicant, Chama Petroleum Company, seeks an order limiting the pool rules governing the Lea-Pennsylvanian Gas Pool located in portions of Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, to the existing pool boundaries only.
- (4) BTA Oil Producers, Inc., an operator and working interest owner in and within one mile of the Lea-Pennsylvanian Gas Pool, appeared and submitted testimony and evidence opposing this application.
- (5) The Lea-Pennsylvanian Gas Pool was created by Division Order No. R-2101, dated October 23, 1961; the Division has limited the horizontal limits of said pool

on ten occasions and the pool now includes approximately 4,000 acres within its boundaries underlying the following described lands:

LEA COUNTY, NEW MEXICO

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 3: S/2
Section 9: SE/4
Section 10: E/2 and SW/4
Sections 11 through 13: All
Section 14: E/2 and NW/4
Section 24: All

(6) Oil Conservation Division General Rule 104.C.II. (a) provides for 160-acre spacing and proration units for gas pools in a Pennsylvanian age or older formation which were created and defined by the Division prior to June 1, 1964, while said rules provide for 320-acre spacing and proration units for Pennsylvanian gas pools created after that date.

(7) Insufficient evidence was presented at the hearing to support Chama's contention that one well will efficiently and economically drain 320 acres in the area within one mile of the current boundary of the Lea-Pennsylvanian Gas Pool or otherwise support its application in this case.

(8) BTA Oil Producers, Inc. presented geologic evidence that retaining the Lea-Pennsylvanian Gas Pool wells on 160-acre spacing within one mile of the pool limits was necessary in order to efficiently and economically recover the gas in the pool without causing underground waste.

(9) Approval of the application of Chama Petroleum Company would result in waste and violate correlative rights and therefore should be denied.

IT IS THEREFORE ORDERED THAT:

(1) The application of Chama Petroleum Company for an order limiting the pool rules governing the Lea-Pennsylvanian Gas Pool located in portions of Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, to the existing pool boundaries only is hereby denied.

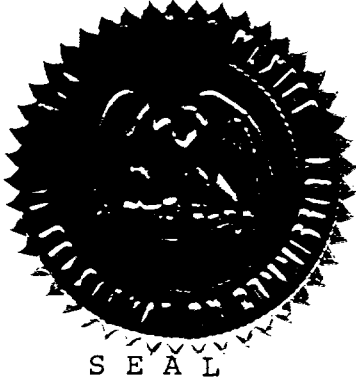
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-3-

Case No. 8447

Order No. R-7830

DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "R. L. Stamets", is written over the typed name.

R. L. STAMETS
Director

fd/