

Called In By Scott Hall

Memo

From

MICHAEL STOGNER

Petroleum Engineer

To

Inexco Oil Co.

Sor Comp.

unorthodox location - 900' FNL
810' FEL

surface to Base Strawn Form.

14-175-37E

Lea City

$E_{1/2} NE_{1/4}$ 80-acres

dedicated

$NE_{1/4} NE_{1/4}$ 40-acres

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
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TELEPHONE: (505) 988-4421
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April 25, 1985

HAND DELIVERED

RECEIVED

APR 25 1985

OIL CONSERVATION DIVISION

R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

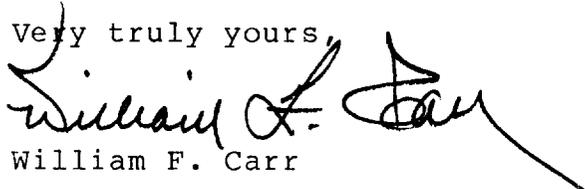
Re: Case 8569: Application of Inexco Oil Company for
Compulsory Pooling and an Unorthodox Oil Well
Location, Lea County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Inexco Oil
Company in the above-referenced case. Inexco Oil Company res-
pectfully requests that this matter be included on the docket
for the May 8, 1985 Examiner hearings.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC/cv
enclosures

cc: Mr. Les Tacconi
(w/enclosure)

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF INEXCO OIL COMPANY FOR COMPULSORY
POOLING AND AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO.

Case 8569

APPLICATION

Comes now, INEXCO OIL COMPANY, by and through its undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A. (1978), hereby makes application for an order pooling all of the mineral interests from the surface to the top of the South Humble City Strawn Pool in and under the NE/4 NE/4 and all of the mineral interests in the South Humble City Strawn Pool in and under the E/2 NE/4 of Section 14, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant owns or represents approximately 98% of the working interest in and under the NE/4 NE/4 of Section 14, and 85% of the working interest in and under the E/2 NE/4 of said Section 14, and applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at an unorthodox location 900 feet from the North line and 810 feet from the East line of said Section 14.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners

in the pooled units in said Section 14, except those interest owners set out on Exhibit A attached hereto and incorporated herein by reference.

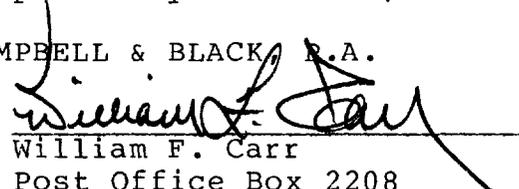
4. Said pooling of interests and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and applicant should be designated the operator of the well to be drilled.

WHEREFORE, applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 8, 1985, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the applicant in drilling, completing and equipping the well, approving the location of the well as proposed by applicant, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By 
William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
(505) 988-4421

ATTORNEYS FOR INEXCO OIL CO.

EXHIBIT A

Exxon Oil Company
Post Office Box 1600
Midland, Texas 79702
Attention: Land Department

1/48th MI

Carter Group:

1/16th MI

Rodney Carter
Post Office Box 328
Fort Sumner, New Mexico 88119

Powhaten Carter III
Beverly Ann Carter Overton
Post Office Box 328
Fort Sumner, New Mexico 88119

Anderson Carter III
Post Office Box 725
Lovington, New Mexico 88260

Stuart Carter
Post Office Box 725
Lovington, New Mexico 88260

(SOUTH PETERSON-PENNSYLVANIAN ASSOCIATED
(FORMERLY SOUTH PETERSON-PENNSYLVANIAN)
POOL - Cont'd.)

SPECIAL RULES AND REGULATIONS
FOR THE

SOUTH PETERSON-PENNSYLVANIAN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 320 acres.

RULE 6. That the limiting gas-oil ratio shall be 4000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Peterson-Pennsylvanian Associated Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before April 1, 1982.

(2) That, pursuant to Paragraph A. of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws 1969, Chapter 271, existing oil wells in the South Peterson-Pennsylvanian Associated Pool shall have dedicated thereto 40 acres and existing gas wells shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating the appropriate acreage to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Peterson-Pennsylvanian Associated Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than an 40-acre allowable for the pool.

(3) That the South Peterson-Pennsylvanian Associated Pool as heretofore defined and described in Roosevelt County, New Mexico, is hereby expanded to include the following described acreage:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 30: NW/4

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 11: S/2
Section 12: S/2
Section 13: N/2

(4) That the effective date of this Order and of the pool reclassification, special pool rules and pool extension included herein shall be December 1, 1981.

(5) That 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.

SOUTH HUMBLE CITY-STRAWN POOL
Lea County, New Mexico

Order No. R-6913, Creating and Adopting Temporary Operating Rules for the South Humble City-Strawn Pool, Lea County, New Mexico, March 1, 1982, as Amended by Order No. R-6913-A, March 5, 1982.

Order No. R-7211, February 21, 1983, continues in effect the temporary rules adopted in Order No. R-6913 (continued for six months.)

Order No. R-7211-A, October 21, 1983, makes permanent the rules adopted in Order No. R-6913, as amended.

Application of Inexco Oil Company for Pool Creation, Special Pool Rules, and a Discovery Allowable, Lea County, New Mexico.

CASE NO. 7473
Order No. R-6913

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 9 a.m. on February 3, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of March, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Inexco Oil Company, seeks the creation of a new oil pool for Strawn production, the promulgation of special pool rules therefor, including a provision for 160-acre spacing and proration units, and the assignment of 57,150 barrels of oil discovery allowable to the discovery well, applicant's Lottie York Well No. 1, located 990 feet from the South line and 660 feet from the East line of Section 14, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That although said Lottie York Well No. 1 is located within one mile of the Humble City-Strawn Pool, the geological evidence presented at the hearing does appear to indicate that said well is producing from a separate common source of supply, and that as the discovery well for said pool, the Lottie York Well No. 1, completed in the Strawn formation through perforations from 11,430 feet to 11,462 feet should be assigned an oil discovery allowable in the amount of 57,150 barrels.

(4) That although applicant has requested special pool rules for the subject pool providing for 160-acre spacing and proration units, there is insufficient evidence presently available to justify such spacing, even on a temporary basis, and said request should be denied.

(5) That there is ample evidence in the record of this case to justify the establishment of 80-acre spacing and proration units on a temporary basis, and such temporary spacing should be adopted for a period of one year.

SOUTH HUMBLE CITY-STRAWN POOL - Cont'd.)

(6) That such temporary rules will not cause waste nor impair correlative rights and should be approved.

(7) That during the one-year period in which this order is in effect, applicant should gather all available information relative to drainage and recoverable reserves in the subject pool.

(8) That this case should be reopened at an examiner hearing in February, 1983, at which time operators in the subject pool should appear and show cause why the subject pool should not be developed on 40-acre spacing and proration units.

IT IS THEREFORE ORDERED:

(1) That a new pool for Strawn production, classified as an oil pool with vertical limits comprising the Strawn formation of Pennsylvanian age, is hereby created and designated as the South Humble City-Strawn Pool, comprising the following described lands in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 14: SE/4

(2) (As Amended by Order No. R-6913-A, March 5, 1982) That the discovery well for said pool, the Inexco Oil Company Lottie York Well No. 1, located in Unit P of said Section 14 is hereby assigned an oil discovery allowable of 57,150 barrels.

(3) That special rules and regulations for the South Humble City-Strawn Pool in Lea County, New Mexico, are hereby promulgated as follows, effective March 1, 1982.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH HUMBLE CITY-STRAWN POOL

RULE 1. Each well completed or recompleted in the South Humble City-Strawn Pool or in the Strawn formation within one mile of the South Humble City-Strawn Pool, and not nearer to or within the limits of another designated Strawn pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the South Humble City-Strawn Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. For good cause shown, the Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application if, after a period of 30 days, no

offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the South Humble City-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 4. Each well drilled in the South Humble City-Strawn Pool shall be located within 150 feet of the center of a governmental quarter-quarter section.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the South Humble City-Strawn Pool shall be assigned an 80-acre depth bracket allowable of 445 barrels per day and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

IT IS FURTHER ORDERED:

(1) That the location of all wells presently drilling to or completed in the South Humble City-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before April 1, 1982.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978 Comp., existing wells in the South Humble City-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Humble City-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

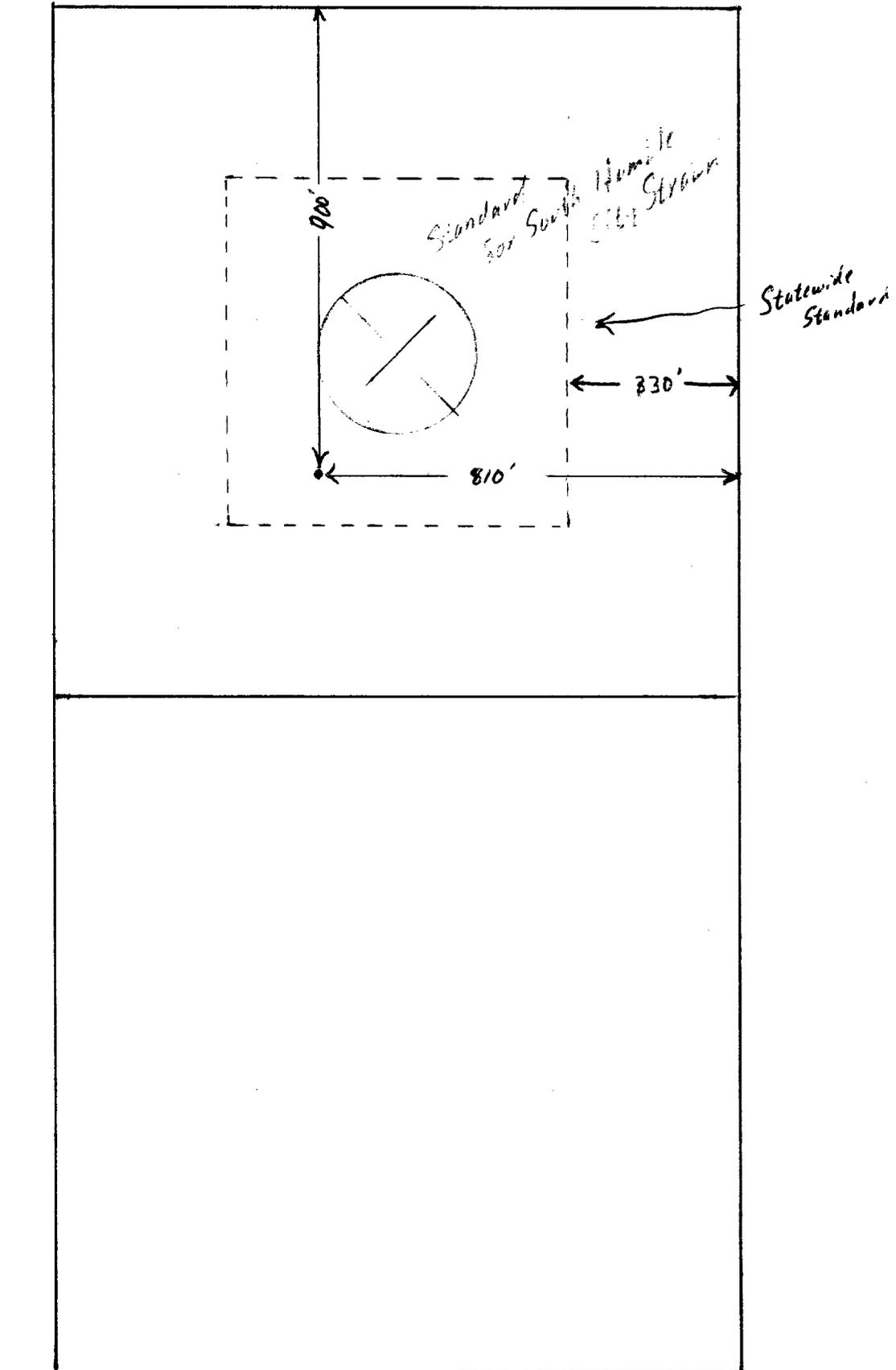
(3) That this case shall be reopened at an examiner hearing in February, 1983, at which time the operators in the subject pool may appear and show cause why the South Humble City-Strawn Pool should not be developed on 40-acre proration units.

(4) That applicant's request for 160-acre spacing and proration units is hereby denied.

(5) That 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.

E/2 NE/4 Section 14



April 24, 1985

Examiner Hearing

NSP: SF
Hobbs

Application of Inexco Oil Company for compulsory pooling
and an unorthodox location. Applicant proposes to pool
all interests from the surface to the ^{top}~~base~~ of the ^{South Humble City} Strawn ^{Pool}~~formation~~
and to drill a well at an unorthodox location
900 FNL and 810 FEL of Section 14, T17S, R37E, Lea County,
New Mexico, with the E/2 of the NE/4 (80 acres) dedicated
thereto, or, in the alternative, the applicant proposes
that 40 acres for any other proration unit located in the
NE/4 NE/4 of the same section be dedicated thereto.

RECEIVED

APR 24 1985

OIL CONSERVATION DIVISION

4/24/85 Docket
J. Scott Hall
William F. Carr
Campbell & Black

