

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

August 19, 1985

RECEIVED
AUG 20 1985
OIL CONSERVATION DIVISION

Mr. Richard L. Stamets
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Pennzoil Company, Application for
Unorthodox Oil Well Location and
Creation of a New Strawn Oil Pool;
Promulgation of Special Rules and
Regulations; 80-acre spacing
Lea County, New Mexico

Case 8696

Dear Mr. Stamets:

Please set the enclosed referenced application for
hearing on the next available hearing date which would be
September 11, 1985.

Very truly yours,


W. Thomas Kellahin

WTK:ca
Enc.

cc: Pennzoil Company
P. O. Box 1828
Midland, Texas 79701
Attn: Greg Davis

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

October 18, 1985

Mr. Gilbert Quintana
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Pennzoil Company
OCD Case 8696
New Strawn Pool

OCD Case 8697
Viersen No. 2 Well
Unorthodox Location

Dear Mr. Quintana:

This will confirm our conversation of yesterday concerning your oral approval of Pennzoil Company commencing the Viersen No. 2 Well in the W/2SW/4 of the subject Section.

As you have suggested, instead of approving the unorthodox 40-acre location for the Viersen No. 2 Well, that case can be dismissed and the location, which is standard for an 80-acre spaced pool, can be approved by operation of the order approving Case 8696.

Please call me if you have any questions.

Very truly yours,

Cassie Aguilar
for W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Richard L. Stamets (w/enc.)
Greg Hair-Pennzoil (w/enc.)

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

September 12, 1985

Mr. Gilbert Quintana
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

"Hand Delivered"

RECEIVED

Re: Pennzoil Company
OCD Case 8696
New Strawn Pool

Dear Mr. Quintana:

In response to my request at yesterday's hearing for an expedited order, you directed that I submit for your consideration a draft order for entry in this case. Please find enclosed our proposed order. I am available to review this matter with you in person if you desire. Please call me.

We appreciate your willingness to decide this case as soon as possible so that we can timely commence the Viersen Well #2.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Kenneth Medlock, Esq.
Pennzoil Company
P. O. Drawer 1828
Midland, Texas 79702-1828

EXHIBIT
Economic Comparison of 40 acre and 80 acre Spacing

	<u>40 ACRE</u>	<u>80 ACRE</u>
NUMBER OF WELLS	2	1
TOTAL WELL COST	1700 M\$	850 M\$
GROSS OIL RESERVES	500 MB	500 MB
GROSS GAS RESERVES	750 MMCF	750 MMCF
TOTAL PRODUCING LIFE	4 Years	9 Years
INITIAL OIL RATE	600 B/O	350 B/O
DISCOUNTED RATE OF RETURN	215%	266%
PAY OUT TIME	.78 Years	.71 Years
CASH FLOW/INVESTMENT	2.92	6.77
PRESENT VALUE/INVESTMENT	2.21	4.34
CAPITAL INVESTMENT/EQUIV. BARREL	3.63	1.81

EAST LOVINGTON-PENNSYLVANIAN POOL
Lea County, New Mexico

Order No. R-96, Creating the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, October 15, 1951.

See separate Order No. R-3816, September 1, 1969, contracting the horizontal limits of the East Lovington-Pennsylvanian Pool and adopting temporary operating rules for the Northeast Lovington-Pennsylvanian Pool.

The Matter of the Application of Tidewater Associated Oil Company for an Order Creating and Designating a New Pool, and for a Temporary Twelve-Month Order Establishing Eighty Acre Proration Units, Uniform Spacing of Wells Drilled to the Same Common Source of Supply in the Area Comprising Sections 32 and 33, T-16-S, and Sections 4 and 5, T-17-S, all in Range 37 East, N.M.P.M., Lea County, New Mexico.

CASE NO. 285
Order No. R-96

ORDER OF THE COMMISSION

BY THE COMMISSION: This matter came on for hearing at 10:00 a.m., on the 21st day of June 1951, at Santa Fe, New Mexico, pursuant to public notice, before the Oil Conservation Commission hereinafter referred to as the "Commission".

NOW, on this 15th day of October, 1951, the Commission, a quorum being present, having fully considered the record and the testimony adduced at said hearing, and being fully advised in the premises,

FINDS:

1. That due public notice having been given pursuant to law, the Commission has jurisdiction of the case.

2. That Tidewater Associated Oil Company has completed in March, 1951, its State "P" No. 1-D discovery well, in the SE/4 SE/4 Section 32, Township 16 South, Range 37 East, NMPM, in Lea County, New Mexico; that said well produced initially in excess of seven hundred (700) barrels of oil in 24 hours through half-inch choke from perforations at 11,080 to 11,100 feet and 11,130 to 11,150 feet; that production is from the Strawn lime of the Pennsylvanian series, and the well discovered a new common source of supply in the area; that a southeast diagonal offset well is in the process of drilling at this time.

3. That there was no geological information presented to the Commission as to the probable areal extent or directional trend of the newly discovered common source of supply.

4. That the evidence is insufficient to prove that the plan of spacing requested by petitioner will avoid the drilling of unnecessary wells, secure the greatest ultimate recovery from the pool, or that one well drilled on each 80-acre tract will efficiently drain the recoverable oil from the pool, prevent waste or protect correlative rights, and therefore an exception to normal spacing requirements is not justified.

5. That in conformity with previous practices of the Commission, a pool should be created, defined, and classified, including such surface acreage as appears to cover the newly discovered common source of supply; that such pool should be designated as the East Lovington (Pennsylvanian) Pool, classified as an oil pool, and comprising:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 32: S/2
Section 33: SW/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 4: N/2
Section 5: N/2

Such pool, as described above, to be subject to additions or deletions after notice and hearing as development and further information may direct or indicate.

IT IS THEREFORE ORDERED: That the application of Tidewater, be, and the same hereby is approved in part and denied in part, as hereinafter set out:

1. The application of Tidewater Associated Oil Company, insofar as the same relates to the establishment and classification of a pool, is partially approved, as follows:

There is hereby created an oil pool, designated as the East Lovington (Pennsylvanian) pool and comprising:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 32: S/2
Section 33: SW/4

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 4: N/2
Section 5: N/2

PROVIDED, HOWEVER, that after notice and hearing, the Commission may, from time to time, add to, or delete from, the pool hereinabove described, such surface area as in its judgment may reasonably conform to the discovered common source of supply, as determined by future development and geological information thereby gained.

2. The application of Tidewater Associated Oil Company for a temporary 80-acre spacing for a period of one year from the date hereof, in the hereinabove defined area, is hereby denied.

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

(PRAIRIE, SOUTH-CISCO AND ALLISON, MIDDLE-PENNSYLVANIAN (ORDER NO. R-3806) POOLS - Cont'd.)

(4) That the NW/4 of said Section 28 should not be deleted from the South Prairie-Cisco Pool.

(5) That the Middle Allison-Pennsylvanian Pool should be extended to include all of said Section 29, the SE/4 of said Section 30, and the N/2 of said Section 32.

(6) That the deletion and extensions as described in Findings (3) and (5) above will not violate correlative rights nor cause waste.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the South Prairie-Cisco Pool, Roosevelt County, New Mexico, are hereby contracted by the deletion therefrom of the following-described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 29: NE/4

(2) That the horizontal limits of the Middle Allison-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico, are hereby extended to include therein the following-described area:

ROOSEVELT COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 29: All
Section 30: SE/4
Section 32: N/2

(3) That the location of any well which, by virtue of this extension, is presently drilling to or completed in the Middle Allison-Pennsylvanian Pool or in the Bough "C" zone of the Pennsylvanian formation within one mile thereof is hereby approved; that the operator of any such well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before August 15, 1969.

(4) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of this extension, is subject to the Middle Allison-Pennsylvanian Pool rules providing for 160-acre spacing or proration units, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating 160 acres to said well or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

**NORTHEAST LOVINGTON-PENNSYLVANIAN POOL
Lea County, New Mexico**

Order No. R-3816, Creating and Adopting Temporary Operating Rules for the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, September 1, 1969.

Order No. R-3816-A, August 21, 1970, makes permanent the rules adopted in Order R-3816.

Application of Pennzoil United, Inc., for Special Pool Rules, Lea County, New Mexico.

CASE NO. 4172
Order No. 3816

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on August 6, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of August, 1969, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pennzoil United, Inc., seeks the promulgation of special rules and regulations for the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre oil proration units.

(3) That the reservoir information presently available indicates that the horizontal limits of the East Lovington-Pennsylvanian Pool, as presently designated, encompass more than one separate common source of supply.

(4) That the horizontal limits of the East Lovington-Pennsylvanian Pool should, in order to prevent waste and protect correlative rights, be contracted by deleting the following-described lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 16: SW/4
Section 17: SE/4
Section 18: SE/4
Section 19: All
Section 20: NE/4 and S/2
Section 21: NW/4
Section 29: All
Section 31: N/2 N/2, SW/4 NW/4, SW/4,
and W/2 SE/4
Section 32: N/2 and N/2 S/2
Section 33: N/2 SW/4 and SE/4 SW/4

**(LOVINGTON, NORTHEAST-PENNSYLVANIAN POOL -
Cont'd.)****TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM**

Section 4: NE/4, E/2 NW/4, and SW/4 NW/4

Section 5: S/2 N/2

(5) That in order to prevent waste and protect correlative rights, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production should be created and designated the Northeast Lovington-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the following-described lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 24: SE/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 18: SE/4

Section 19: All

Section 20: NE/4 and S/2

Section 21: NW/4

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Northeast Lovington-Pennsylvanian Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in August, 1970, at which time the operators in the subject pool should be prepared to appear and show cause why the Northeast Lovington-Pennsylvanian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That, effective September 1, 1969, the horizontal limits of the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, are hereby contracted by the deletion therefrom of the following-described lands:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 18: SE/4

Section 19: All

Section 20: NE/4 and S/2

Section 21: NW/4

Section 29: All

Section 31: N/2 N/2, SW/4 NW/4, SW/4,
and W/2 SE/4

Section 32: N/2 and N/2 S/2

Section 33: N/2 SW/4 and SE/4 SW/4

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 4: NE/4, E/2 NW/4, and SW/4 NW/4

Section 5: S/2 N/2

(2) That, effective September 1, 1969, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, is hereby created and designated the Northeast Lovington-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the following-described lands:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 24: SE/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 18: SE/4

Section 19: All

Section 20: NE/4 and S/2

Section 21: NW/4

(3) That effective September 1, 1969, temporary Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
NORTHEAST LOVINGTON-PENNSYLVANIAN POOL**

RULE 1. Each well completed or recompleted in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a 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. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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 Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the

(LOVINGTON, NORTHEAST-PENNSYLVANIAN POOL -
Cont'd.)

proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed locating or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, 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.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Northeast Lovington-Pennsylvanian 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 Commission in writing of the name and location of the well on or before September 1, 1969.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Northeast Lovington-Pennsylvanian Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective 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 Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian 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 August, 1970, at which time the operators in the subject pool may appear and show cause why the Northeast Lovington-Pennsylvanian Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

WEIR-DRINKARD POOL
(Gas-Oil Ratio)
Lea County, New Mexico

Order No. R-4803, Adopting a Gas-Oil Ratio Rule for the Weir-Drinkard Pool, Lea County, New Mexico, July 1, 1974.

Application of Continental Oil Company for a Special Gas-Oil Ratio Limitation, Lea County, New Mexico.

CASE NO. 5243
Order No. R-4803

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 22, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of June, 1974, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks, as an exception to Rule 506 of the Commission Rules and Regulations, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil in the Weir-Drinkard Pool, Lea County, New Mexico.

(3) That the reservoir characteristics of the subject pool justify the establishment of a gas-oil limitation of 10,000 cubic feet of gas per barrel of liquid hydrocarbons.

(4) That in order to afford to the owner of each property in the Weir-Drinkard Pool the opportunity to produce his just and equitable share of the oil and gas in the subject pool and for this purpose to use his just and equitable share of the reservoir energy, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the pool.

IT IS THEREFORE ORDERED:

(1) That effective July 1, 1974, the limiting gas-oil ratio in the Weir-Drinkard Pool, Lea County, New Mexico, shall be 10,000 cubic feet of gas for each barrel of liquid hydrocarbons produced; that, effective July 1, 1974, each proration unit in the Weir-Drinkard Pool shall produce only that volume of gas equivalent to 10,000 multiplied by the top unit allowable for the pool.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

HUMBLE CITY-STRAWN POOL
Lea County, New Mexico

Order No. R-4338, Adopting Temporary Operating Rules for the Humble City-Strawn Field, Lea County, New Mexico, July 17, 1972.

Order No. R-4438-A, July 23, 1973, extends to July, 1974, the temporary rules adopted in Order No. R-4338.

Order No. R-4338-B, October 22, 1974, makes permanent the rules adopted in Order No. R-4338.

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

CASE NO. 4749
Order No. R-4338

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on June 28, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 17th day of July, 1972, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Harding Oil Company, seeks the promulgation of special rules and regulations for the Humble City-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre proration units.

(3) That the applicant also seeks the assignment of an oil discovery allowable in the amount of approximately 57,100 barrels to the discovery well for said pool.

(4) That the evidence presently available indicates that the Harding Oil Company E. D. Shipp Well No. 1, located in Unit K of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, discovered a separate common source of supply which has been designated the Humble City-Strawn Pool; that the vertical limits of said pool have been defined as the Strawn formation, and that the horizontal limits of said pool have previously been defined as the SW/4 of said Section 11.

(5) That the discovery well for the aforesaid pool, E. D. Shipp Well No. 1, located in Unit K of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 57,100 barrels, based upon the top of the perforations in said well at 11,420 feet, to be assigned over a two-year period.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Humble City-Strawn Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in June, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the Humble City-Strawn Pool should not be developed on other than 40-acre spacing units.

(10) That the horizontal limits of the Humble City-Strawn Pool should be extended to include the SE/4 of the above-described Section 11.

IT IS THEREFORE ORDERED:

(1) That the Humble City-Strawn Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 11: SE/4

(2) That the Harding Oil Company E. D. Shipp Well No. 1 located in Unit K of Section 11, Township 17 South, Range 37 East, Humble City-Strawn Pool, Lea County, New Mexico, is hereby authorized an oil discovery allowable of 57,100 barrels to be assigned to said well at the rate of 79 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That temporary Special Rules and Regulations for the Humble City-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
HUMBLE CITY-STRAWN POOL

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

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a 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. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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 Secretary-Director may approve the

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

application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, 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.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the 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 Commission in writing of the name and location of the well on or before August 1, 1972.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the 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 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission 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 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 June, 1973, at which time the operators in the subject pool may appear and show cause why the Humble City-Strawn Pool should not be developed on other than 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

BLACK RIVER-PENNSYLVANIAN GAS POOL
Eddy County, New Mexico

Order No. R-4698, Adopting Operating Rules for the Black River-Pennsylvanian Gas Pool, Eddy County, New Mexico, February 1, 1974.

Application of Amoco Production Company for the Adoption of Pool Rules, Eddy County, New Mexico.

CASE NO. 5142
Order No. R-4698

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on January 3, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of January, 1974, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Amoco Production Company, is drilling a gas well in the Black River-Pennsylvanian Gas Pool, Eddy County, New Mexico.

(3) That said Black River-Pennsylvanian Gas Pool was created and designated by the Commission by Order No. R-1824 effective December 1, 1960.

(4) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, . . . "a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Black River-Pennsylvanian Gas Pool in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(6) That no appearances were made at the hearing of the instant case and no objection was received to the inclusion of the Black River-Pennsylvanian Gas Pool under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of Pennsylvanian age or older.

(7) That one well in the Black River-Pennsylvanian Gas Pool in Eddy County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

CEDAR CANYON-MORROW GAS POOL
Eddy County, New Mexico

CASEY-STRAWN POOL
Lea County, New Mexico

Order No. R-4477-A, Rescinding the Temporary Operating Rules Adopted for the Cedar Canyon-Morrow Gas Pool, Eddy County, New Mexico, March 1, 1975.

Order No. R-4992, Creating and Adopting Temporary Operating Rules for the Casey-Strawn Pool, Lea County, New Mexico, April 1, 1975.

In the Matter of Case 4899 Being Reopened Pursuant to the Provisions of Order No. R-4477, Which Order Established Temporary Special Pool Rules for the Cedar Canyon-Morrow Gas Pool, Including a Provisions for 640-Acre Spacing Units.

Order No. R-4992-A, April 27, 1976, makes permanent the rules adopted in Order No. R-4992.

CASE NO. 4899 (Reopened)
Order No. R-4477-A

Application of C & K Petroleum, Inc., for Pool Creation and Special Pool Rules, Lea County, New Mexico.

CASE NO. 5446
Order No. R-4992

ORDER OF THE COMMISSION

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on February 5, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on March 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of February, 1975, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

NOW, on this 1st day of April, 1975, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

FINDS:

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

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

(2) That by Order No. R-4477, dated February 14, 1973, temporary special rules and regulations were promulgated for the Cedar Canyon-Morrow Gas Pool, Eddy County, New Mexico, establishing temporary 640-acre spacing units.

(2) That the applicant, C & K Petroleum, Inc., seeks the creation of a new oil pool for Strawn production in Lea County, New Mexico.

(3) That pursuant to the provisions of Order No. R-4477, this case was reopened to allow the operators in the subject pool to appear and show cause why the Cedar Canyon-Morrow Gas Pool should not be developed on 320-acre spacing units.

(3) That the applicant also seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.

(4) That the evidence presented establishes that neither of the two completed wells in said pool is draining as much as 320 acres.

(4) That the evidence presently available indicates that the Shipp "27" Well No. 1, located in Unit O of Section 27, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Casey-Strawn Pool; that the vertical limits of said pool should be the Strawn formation as found on the log of said Shipp "27" Well No. 1 from 11,326 to 11,762 feet, and that the horizontal limits of said pool should be the SE/4 of said Section 27.

(5) That the evidence establishes that one well in the Cedar Canyon-Morrow Gas Pool cannot efficiently and economically drain and develop 640 acres.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Casey-Strawn Pool.

(6) That in order to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-4477 should be rescinded and said pool should be governed by the Statewide Rules for gas pools in the State effective March 1, 1975.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(1) That effective March 1, 1975, the Special Rules and Regulations governing the Cedar Canyon-Morrow Gas Pool, Eddy County, New Mexico, promulgated by Order No. R-4477, are hereby rescinded and the pool is placed under Statewide Rules for gas pools in the State.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

(CASEY-STRAWN POOL - Cont'd.)

(8) That this case should be reopened at an examiner hearing in April, 1976, at which time the operators in the subject pool should be prepared to appear and show cause why the Casey-Strawn Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production, is hereby created and designated the Casey-Strawn Pool, with vertical limits comprising the Strawn formation as bound on the log of the Shipp "27" Well No. 1, located in Unit O of Section 27, Township 16 South, Range 37 East, NMPM, from 11,326 to 11,762 feet, and horizontal limits comprising the following-described area:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 27: SE/4

(2) That temporary Special Rules and Regulations for the Casey-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
CASEY-STRAWN POOL

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

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a 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. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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 Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a 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.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Casey-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 Commission in writing of the name and location of the well on or before April 15, 1975.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Casey-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission 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 Casey-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 April, 1976, at which time the operators in the subject pool should be prepared to appear and show cause why the Casey-Strawn Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

(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.

SEP 4 10 02

PENNZOIL COMPANY
WESTERN DIVISION

MIDLAND DISTRICT BRIERCROFT SAVINGS BUILDING • (915) 682-7316
MAILING ADDRESS P. O. DRAWER 1828 MIDLAND, TEXAS 79702-1828

SEP 09 1985

September 3, 1985

Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88201

Re: Viersen #1
E/2 SE/4 of Section 4,
T17S-R37E
Lea County, New Mexico

Gentlemen:

In connection with the above referenced well, Pennzoil Company has made application with the New Mexico Oil Conservation Division for the creation of a new oil pool for Strawn production and field rules providing for eighty (80) acre well spacing and proration units.

We also have made application for an unorthodox well location 1300' FSL and 1650' FEL of Section 4-17S-37E, for the drilling of the Viersen #2 well.

If you have no objection to our applications, please signify by signing in the space provided below and return to the undersigned at your earliest convenience.

Very truly yours,

Greg Davis
Greg Davis
Landman

GD/mk

AGREED AND ACCEPTED THIS 6 DAY OF September, 1985

EXPLORERS PETROLEUM CORPORATION

FRED G. YATES, INC.

By: [Signature]
Date: _____

By: [Signature]
Date: _____

SPIRAL, INC.

YATES ENERGY CORPORATION

By: [Signature]
Date: _____

By: [Signature]
Date: _____

Harvey E. Yates Company

By: [Signature]
Date: _____


PENNZOIL COMPANY
WESTERN DIVISION

SEP 09 1985

MIDLAND DISTRICT, BRIERCROFT SAVINGS BUILDING • (915) 682-7316
MAILING ADDRESS P. O. DRAWER 1828 MIDLAND, TEXAS 79702-1828

September 3, 1985

RECEIVED
SEP 04 1985

MIDLAND LAND DEPT.

The Superior Oil Company
P. O. Box 633
Midland, Texas 79702
Attn: Mandel Selber

Re: Viersen #1
E/2 SE/4 of Section 4,
T17S-R37E
Lea County, New Mexico

JBH
RFG
GJG
MCS
MB
CIRC
FILE

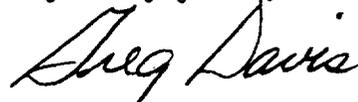
Dear Mr. Selber:

In connection with the above referenced well, Pennzoil Company has made application with the New Mexico Oil Conservation Division for the creation of a new oil pool for Strawn production and field rules providing for eighty (80) acre well spacing and proration units.

We also have made application for an unorthodox well location 1300' FSL and 1650' FEL of Section 4-17S-37E, for the drilling of the Viersen #2 well.

If you have no objection to our applications, please signify by signing in the space provided below and return to the undersigned at your earliest convenience.

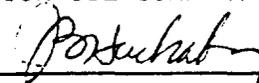
Very truly yours,


Greg Davis
Landman

GD/mk

AGREED AND ACCEPTED THIS 9th DAY OF September, 1985

THE SUPERIOR OIL COMPANY

By:  MCS

Date: 9/9/1985

AMERIND OIL Co.

SEP 03 1985
MIDLAND

ROBERT M. LEIBROCK
ERIC W. LEIBROCK
ROBERT C. LEIBROCK

August 30, 1985

500 WILCO BUILDING
MIDLAND, TEXAS 79701-4467
(915) 682-8217

Pennzoil Company
P. O. Box 1828
Midland, Texas 79702

Attention: Mr. Paul Bruce

RE: NE/4 Section 4, T16S, R37E,
Lea County, New Mexico

Gentlemen:

This is to confirm that Amerind Oil Co. supports Pennzoil Company as operator of the referenced tract in accordance with our farmout agreement dated June 4, 1985.

Amerind also is in favor of 80 acre spacing in this area in conformity with the other Strawn fields in this trend.

Very truly yours,



Robert C. Leibrock

RCL/mab

Return to Mr. Davis, Pennzoil



MIDLAND DISTRICT, BRIERCROFT SAVINGS BUILDING • (915) 682-7316
MAILING ADDRESS P. O. DRAWER 1828 MIDLAND, TEXAS 79702-1828

SEP 10 1985

September 3, 1985

✓
Estate of David Fasken
608 First National Bank Building
Midland, Texas 79701

Re: Viersen #1
E/2 SE/4 of Section 4,
T17S-R37E
Lea County, New Mexico

Gentlemen:

In connection with the above referenced well, Pennzoil Company has made application with the New Mexico Oil Conservation Division for the creation of a new oil pool for Strawn production and field rules providing for eighty (80) acre well spacing and proration units.

We also have made application for an unorthodox well location 1300' FSL and 1650' FEL of Section 4-17S-37E, for the drilling of the Viersen #2 well.

If you have no objection to our applications, please signify by signing in the space provided below and return to the undersigned at your earliest convenience.

Very truly yours,


Greg Davis
Landman

GD/mk

AGREED AND ACCEPTED THIS 7th DAY OF September, 1985

ESTATE OF DAVID FASKEN

By:  RICHARD S. BROOKS

Date: 9/7/85

AMERIND OIL CO.

ROBERT M. LEIBROCK

ROBERT C. LEIBROCK

November 12, 1986

500 WILCO BUILDING
MIDLAND, TEXAS 79701-4467
(915) 682-8217

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. R. L. Stamets, Director

Cases 8696 and 8790

RE: November 19, 1986 hearing -
Order No. R 8062 and R 8062-A
Shipp Strawn Pool

Gentlemen:

This is to confirm that Amerind Oil Co., as a working interest owner in the Pennzoil B. E. Shipp No. 1 well in the referenced field, is in favor of development of this field on 80 acre spacing.

Evidence presented at several prior hearings clearly supports that 80 acres is the appropriate spacing in all the Strawn fields in the immediate area and that this spacing effectively prevents waste and best maintains correlative rights.

Very truly yours,



Robert C. Leibrock

RCL/mab



Tipperary Oil and Gas
CORPORATION

P.O. Box 3179 Midland, Texas 79702-3179

Phone (915) 684-7151
Telex 743414

November 17, 1986

State of New Mexico
Energy and Minerals Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501-2088

Attn: R. L. Stamets

Ref: Public Hearings dated November 19, 1986; Case #8696 and #8790,
Shipp-Strawn Pool, Lea County, New Mexico

Dear Mr. Stamets:

In connection with the captioned hearings concerning spacing rules in the Shipp-Strawn Field, Lea County, New Mexico, please be advised that Tipperary Oil and Gas Corporation wishes to go on record as supporting the temporary rules now in effect.

We feel the rules now in effect are in the best interest of all parties and should be adopted as permanent rules without change.

We see no need under present conditions to change said rules. Therefore, it is respectfully requested that said temporary rules be made permanent. Your consideration of this recommendation will be appreciated.

Very truly yours,

Mark S. Martin
Vice President, Exploration

MSM/pdo