

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

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

RECEIVED  
AUG 21 1985  
OIL CONSERVATION DIVISION

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 8697

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.

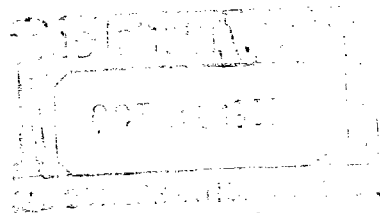
cc: Pennzoil Company  
P. O. Box 1828  
Midland, Texas 79701  
Attn: Greg Davis

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"

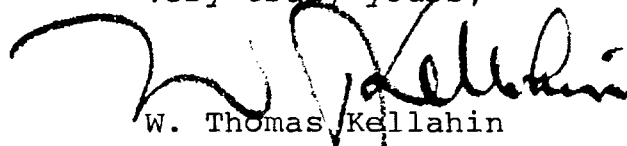
Re: Pennzoil Company  
OCD Case 8696  
New Strawn Pool

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

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

IN THE MATTER OF THE APPLICATION  
OF PENNZOIL COMPANY FOR POOL  
CREATION, SPECIAL POOL RULES,  
ASSIGNMENT OF DISCOVERY ALLOWABLE,  
LEA COUNTY, NEW MEXICO.

CASE: 8696  
ORDER R-

PENNZOIL COMPANY PROPOSED  
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 a.m. on September 11, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this \_\_\_ day of September, 1985, 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, Pennzoil Company, seeks the creation of a new pool for Strawn production in Lea County, New Mexico.

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

(4) That no party has opposed said application.

(5) That the evidence presently available indicates that the Viersen No. 1 well, located in Unit I, Section 4, T17S, R37E, Lea County, New Mexico, has discovered a separate common source of supply which should be designated

the Shipp-Strawn Oil Pool; that the vertical limits of said pool should be the Strawn formation as found on the log of said Viersen No. 1 Well from 11,138 feet to 11,255 feet.

(6) That the horizontal limits for the said Shipp-Strawn Pool should be as follows:

T17S, R37E, NMPM

Section 4: E/2 and E/2W/2  
Section 3: All  
Section 9: NE/4 and E/2NW/4  
Section 10: N/2

T16S, R37E, NMPM

Section 33: SE/4 and E/2SW/4  
Section 34: S/2

(7) That the above described area is adequate to cover the potential expansion of the subject pool and is designed to avoid overlaps and conflicts with other Strawn Pools in the immediate vicinity.

(8) That the subject rules for this pool shall be limited to the area described in Finding (5) above and shall not apply to wells drilled within a mile of the outerboundary of this pool.

(9) That the evidence established that the discovery well has permability in the range of 43 millidarcies and therefore the capacity to drain an area in excess of 80 acres.

(10) That the discovery well for the said pool, Viersen No. 1 Well, located in Unit I of Section 4, T17S, R37E, NMPM, Lea County, New Mexico is entitled to and should receive a bonus discovery oil allowable in the amount of 55,690 barrels, based upon the top of the perforation in said well at 11,138 feet, to be assigned over a two-year period.

(11) 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 Shipp-Strawn Pool.

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

(13) 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.

(14) That this case should be reopened by the Division at an examiner hearing in September, 1986, at which time the operators in the subject pool should be prepared to appear and show cause why the Shipp-Strawn Pool should not be developed on other than 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the Shipp-Strawn Pool in Lea County, New Mexico, is hereby defined, and described as follows:

T17S, R37E, NMPM

Section 4: E/2 and E/2W/2  
Section 3: All  
Section 9: NE/4 and E/2NW/4  
Section 10: N/2

T16S, R37E, NMPM

Section 33: SE/4 and E/2SW/4  
Section 34: S/2

(2) That the Viersen No. 1 well located in Unit I, Section 4, T17S, R37E, Lea County, New Mexico, is hereby authorized an oil discovery allowable of 55,690 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 Shipp-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
SHIPP-STRAWN POOL

RULE 1. Each well completed or recompleted in the Shipp-Strawn Pool or in the Strawn formation within said pool limits, 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; and no such unit shall contain more than one pool well.

RULE 3. Each well shall be located no closer than 330 feet to the outer boundary of its spacing unit.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Shipp-Strawn Pool are hereby approved.

(2) That pursuant to Paragraph A. Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Shipp-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 Shipp-Strawn Pool shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened by the Division at an examiner hearing in September, 1986, at which time the operators in the subject pool may appear and show cause why the Shipp-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.

Oil Conservation Division

Richard L. Stamets  
Director