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HAND DELIVERED

Case 9230

RECEIVED

SEP 11 1987

OIL CONSERVATION DIVISION

William J. LeMay, Director
New Mexico Oil Conservation
Division
State Land Office Building
Post Office Box 2088
Santa Fe, New Mexico

Re: Applications of Shell Western E&P Inc.

Dear Bill:

Enclosed are three applications which are submitted for hearing on September 23, 1987.

These applications are for the creation of a new oil and gas pool, the North Eunice Blineberry-Tubb-Drinkard Oil and Gas Pool; for the statutory unitization of the Northeast Drinkard Unit within the boundaries of the proposed new pool; and an application for approval of a water flood project within the Northeast Drinkard Unit.

If you have any questions with regard to these applications please do not hesitate to contact me.

Sincerely,



W. Perry Pearce

WPP:ds:55

Enclosures

cc: Mr. Smitherman
Mr. Fusselman

171D

SEP

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

IN THE MATTER OF THE APPLICATION
OF SHELL WESTERN E&P INC. FOR CREATION
OF A NEW POOL, FOR CONTRACTION OF
POOL BOUNDARIES AND FOR SPECIAL
POOL RULES, LEA COUNTY, NEW MEXICO.

Case No. 9230

APPLICATION

COMES NOW the Applicant, Shell Western E&P Inc. (Shell Western) and requests that the Division create a new pool, the North Eunice Blinebry-Tubb-Drinkard Pool Oil and Gas Pool, Lea County, New Mexico.

Applicant requests that the horizontal boundaries of this pool include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST

All Lots	Sections 2, 3, 10, 15, 22, 23
Lots A,H,I,P	Section 4
Lots K,L,M,N	Section 11
Lots C,D,E,F	Section 14
Lots L,M	Section 24

Applicant further requests that the vertical limits of this pool include all of the Blinebry, Tubb, and Drinkard formations. In support of this application, Shell Western states:

1. The acreage underlying the proposed pool boundaries or portions thereof are presently within the boundaries of the Blinebry Oil and Gas Pool, Tubb Oil and Gas Pool and Drinkard Pool, previously established by the Division. During the course

of operations within this area in these three pools the Division has allowed liberal commingling of these three zones and the three zones are now in effective communication with each other so as to constitute one common source of supply.

2. Applicant believes that the communication between the zones affected by operations in this area have effectively created a single common source of supply and believes that the formation of a common pool within this area will operate to prevent waste of natural resources and will better protect the correlative rights of interest owners within this area.


3. Applicant believes that in order to prevent waste and protect correlative rights of interest owners within this area that special pool rules should be adopted for the proposed North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool as set forth in Exhibit A hereto.

4. In order to allow for the orderly continuation of the proration of natural gas produced from the Blinebry Oil and Gas Pool and the Tubb Oil and Gas Pool (present prorated gas pools), it is necessary to designate appropriate wells as gas wells subject to proration under the provisions of Order R-8170 as amended.

5. In order to accomplish this pool creation it will be necessary to contract the present boundaries of the Blinebry Oil and Gas Pool, Tubb Oil and Gas Pool, and Drinkard Pool by eliminating from those pools the acreage to be included within the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool.

WHEREFORE, Applicant prays that the Division enter its order creating a new pool named the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool, contracting the present boundaries of the Blinebry Oil and Gas Pool, the Tubb Oil and Gas Pool, and the Drinkard Pool to allow acreage presently in those pools to be included within the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool, designating certain wells as gas wells, and adopting the special pool rules attached hereto as Exhibit A as the rules governing the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool , all for the purpose of preventing waste of natural resources and protecting the correlative rights of interest owners within the area of the proposed North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool.

Respectfully submitted,
MONTGOMERY & ANDREWS, P.A.

By 
W. Perry Pearce
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873

Attorneys for Shell Western
E & P, Inc.

wpp/3

**SPECIAL RULES AND REGULATIONS
FOR THE
NORTH EUNICE BLINEBRY-TUBB-DRINKARD
OIL AND GAS POOL**

RULE 1.

A standard gas proration unit in the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool shall be 160 acres.

RULE 2.

A standard oil proration unit in the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool shall be 40 acres.

RULE 3.

Acreage may be simultaneously dedicated to a gas well and an oil well in the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool, thereby receiving separate oil and gas allowables.

RULE 4.

Any acreage within the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool shall not be assigned to a gas well proration unit if the acreage is: 1) located within 1320' of the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool boundary, and 2) such acreage is not contiguous to offset non-unit gas proration unit.

RULE 5.

Any well within the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool designated as a gas well shall be subject to the gas proration rules set forth in Commission Order No. R-8170, as amended for the Blinebry Oil and Gas Pool or Tubb Oil and Gas Pool or both as appropriate.

EXHIBIT "A"

The District Supervisor shall have authority to classify any well in the pool as a gas well or an oil well upon appropriate showing by the operator.

RULE 6.

An oil well in the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool shall be a well producing from the vertical and horizontal limits of the Pool and not classified as a gas well.

RULE 7.

The limiting Gas-Oil Ratio for oil wells in the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool shall be 6000 cubic feet of gas per barrel of oil.

RULE 8.

Commingling in the well bore of production from oil zones and gas zones in the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool is prohibited.

RULE 9.

In submitting Form C-115 on gas wells producing from the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool, the operator shall estimate the condensate and gas volumes produced by each well in the Blinebry, Tubb, and Drinkard zones by using the ratios as reflected in the most recent tests submitted if separate metering equipment for each zone is not utilized.

RULE 10.

Oil wells in the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool shall receive oil and casinghead gas allowables as provided in either Rule 701F.3 or Rules 503, 505 and 506 of the Division Rules and Regulations.

RULE 11.

An oil well in the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool may be recompleted as a gas well in the Blinebry or Tubb formations provided the operator of such well makes application to and receives approval from the District Supervisor for such recompletion.

RULE 12.

All gas wells in the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool shall be subject to the same pool rules as would be applicable to gas wells completed in either or both the Blinebry Oil and Gas Pool and the Tubb Oil and Gas Pool; except that such gas wells shall not be subject to any provision in either set of pool rules relating to classification by gas-liquid hydrocarbon ratio, nor shall they be subject to any provision within such rules prohibiting multiple assignments of acreage, except as provided by Rule 4 above. To the extent applicable rules of either the Blinebry Oil and Gas Pool or the Tubb Oil and Gas Pool conflict with the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool rules, the latter shall control.

RULE 13.

Special Pool Rules and Regulations for the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool shall be applicable only within the pool boundaries.

RULE 14.

Any expansion of the boundaries of the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool shall be only upon application filed after notice under Rule 1207 and hearing.

[WPP:47]