

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

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

CASE NO. 9424  
Order No. R-8722

APPLICATION OF HORIZON OIL AND  
GAS COMPANY FOR A NON-STANDARD  
OIL PRORATION UNIT AND DOWNHOLE  
COMMINGLING, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 20, 1988 and on August 3, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 23rd day of August, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Horizon Oil and Gas Company, is the owner and operator of the Anderson Well No. 1, located 330 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) The applicant seeks authority to commingle Monument-Paddock, Monument-Blinebry and Undesignated Monument-Tubb Pool production within the wellbore of the above-described well.

(4) The applicant further seeks approval of a 40-acre non-standard oil spacing and proration unit for Undesignated Monument-Tubb Pool production comprising the SW/4 SE/4 of said Section 8 to be dedicated to said well.

(5) Said well is within the boundary of the Monument-Paddock and Monument-Blinebry Pools which are both governed by Statewide Rules and Regulations calling for 40-acre oil spacing and proration units. The SW/4 SE/4 of said Section 8 is to be dedicated to said well forming a standard 40-acre unit for production from both of these pools.

(6) Said well is within one mile of the Monument-Tubb Pool and is therefore governed by the Special Rules and Regulations for said pool as promulgated by Division Order No. R-2800, which requires 80-acre spacing.

(7) Based either on previous production from the subject well or engineering evidence presented at the hearing, production from each of the subject zones is expected to be marginal.

(8) The proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(9) The reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period of time.

(10) To afford the Division the opportunity to assess the potential for waste and to expeditiously order the appropriate remedial action, the operator should notify the Hobbs district office of the Division any time the subject well is shut-in for 7 consecutive days.

(11) Allocation of the commingled production from the subject well should be as follows:

	<u>OIL%</u>	<u>GAS%</u>
Monument-Paddock Pool	54	25
Monument-Blinebry Pool	22	50
Undesignated Monument-Tubb Pool	24	25

(12) The proposed 40-acre non-standard oil proration unit in the Undesignated Monument-Tubb Pool will afford the operator the opportunity to produce its just and equitable share of the gas in the pool, will not cause waste nor impair correlative rights, and should be approved.

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IT IS THEREFORE ORDERED THAT:

(1) The applicant, Horizon Oil and Gas Company, is hereby authorized to commingle Monument-Paddock, Monument-Blinebry and Undesignated Monument-Tubb Pool production within the wellbore of the Anderson Well No. 1, located 330 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) The SW/4 SE/4 of said Section 8 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Monument-Paddock and Monument-Blinebry Pools and a 40-acre non-standard oil spacing and proration unit for the Monument-Tubb Pool.

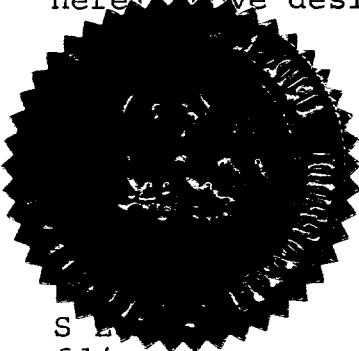
(3) Allocation of the commingled production from the subject well shall be as follows:

	<u>OIL%</u>	<u>GAS%</u>
Monument-Paddock Pool	54	25
Monument-Blinebry Pool	22	50
Undesignated Monument-Tubb Pool	24	25

(4) The operator of the subject well shall immediately notify the Division's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

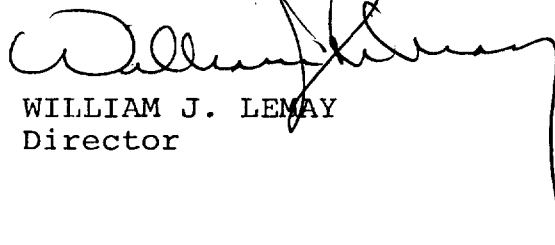
(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director