



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNORPOST OFFICE BOX 3099
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87501
(505) 827-5800MEMORANDUM

TO: ALL OPERATORS

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: RULE 104 C 11 OF THE GENERAL RULES AND REGULATIONS

DATE: JULY 27, 1988

There has been some confusion about interpretation of the subject rule. In each paragraph of sections (a), (b) and (c) the rule states:

"Unless otherwise provided in special pool rules, each development well for a defined gas pool shall be located on a tract..."

My interpretation of this sentence is that each well is to be located on its own individual specified unit and an additional well is not authorized simply by meeting the set back requirements of the rule.

This interpretation is necessary to prevent waste from the drilling of unnecessary wells and to protect correlative rights of all parties in the pool. Since the prorated pools have special pool rules the subject rules have greater impact on unprorated gas. Unprorated does not mean unregulated. Allowables are not issued in unprorated pools and the only method available to protect correlative rights is the control of well density and locations. Added well density required because of special geological situations can be addressed by special pool rules after notice and hearing.

Applications for additional wells on existing proration units will be approved only on the understanding that upon completion of the well the operator shall elect which well will be produced and which will be abandoned. Application to produce both wells will be approved only after notice and hearing and upon compelling evidence that the applicant's correlative rights will be impaired unless both wells are produced.

dr/

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

August 19, 1988

Amoco Production Company
P.O. Box 4072
Odessa, TX 79760

Attention: J.L. Mungle
District Administrative Supervisor

RE: Administrative Application for Non-
Standard Gas Well Location and
Simultaneous Dedication; South
Mattix Unit Well Nos. 5 and 15,
Unit H and A, Respectively, Section
22, Township 24 South, Range 37
East, Fowler Upper Silurian Gas
Pool, Lea County, New Mexico.

Dear Mr. Mungle:

I am unable to administratively approve the subject application dated June 30, 1988. This request is subject to NMOCD Memorandum dated July 27, 1988, see attached. I am therefore setting this request before an Examiner Hearing scheduled for September 14, 1988. If you should have any questions concerning this matter, please contact William J. LeMay, Director of the New Mexico Oil Conservation Division.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner
Administrative Application Reviewer

MES/ag

cc: Jerry Sexton - OCD (Hobbs)
Jim Allen - Amoco (Houston)
William F. Carr - Attorney for Amoco (Santa Fe)



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 HOBBS DISTRICT OFFICE

GARREY CARRUTHERS
 GOVERNOR

7-5-88

POST OFFICE BOX 1980
 HOBBS, NEW MEXICO 88241-1980
 (505) 393-6161

OIL CONSERVATION DIVISION
 P. O. BOX 2088
 SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
 DHC _____
 NSL X + SB
 NSP _____
 SWD _____
 WFX _____
 PMX _____

Gentlemen:

I have examined the application for the:

Amoco Prod. Co. South Mattijut #5-A + #15-A
 Operator Lease & Well No. Unit S-T-R 22-24-37

and my recommendations are as follows:

OKJS

Yours very truly,

Jerry Sexton
 Jerry Sexton
 Supervisor, District 1

/ed



Case 9483

DR 9-7-88

Amoco Production Company

501 WestLake Park Boulevard
Post Office Box 3092
Houston, Texas 77253

September 2, 1988

Michael E. Stogner
Administrative Application Reviewer
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Re: Administrative Application for Non-Standard Gas Well Location and Simultaneous Dedication; South Mattix Unit Well Nos. 5 and 15, Unit H and A, Respectively, Section 22, Township 24 South, Range 37 East, Fowler Upper Silurian Gas Pool, Lea County, New Mexico

Dear Mr. Stogner:

We have received your letter to J.L. Mungle dated August 19, 1988 regarding the above-mentioned matter. As you mentioned in that letter, you set this matter for an Examiner Hearing on September 14, 1988.

As you may know, Amoco recently consolidated many of its field offices to its office in Houston. The Odessa office was one of those moved to Houston. As a result, we did not receive your letter until recently. Because of the short amount of time between today and the September 14th hearing date, Amoco does not believe it can properly prepare for a hearing by that date. Consequently, Amoco is formally requesting a continuation of that hearing to a later date. We would appreciate your assistance in this matter.

If you have any questions or require any additional information, please contact me at (713) 556-3709.

Very truly yours,

A. Andrew Gallo

cc: ARCO Oil and Gas Co.
P.O. Box 1710
Hobbs, New Mexico 88240

Exxon Company, U.S.A.
P.O. Box 1600
Midland, Texas 79702

Chevron U.S.A., Inc.
P.O. Box 670
Hobbs, New Mexico 88240



Amoco Production Company

501 WestLake Park Boulevard
Post Office Box 3092
Houston, Texas 77253

October 4, 1988

Michael E. Stogner
Technical Examiner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

File: JCA-2720-986.51NM

Case No. 9483
Application for Unorthodox Location and
Simultaneous Dedication of Acreage, S. Mattix Unit
Fowler, Upper Silurian Gas Pool

The above referenced case was set for hearing on September 14, 1988, and continued to October 12, 1988, at Amoco's request.

After additional consideration, we have decided to **withdraw** this application. Therefore, please remove this case from your docket list. We will decide on whether to re-file this application at a later date.

We appreciate your assistance in this matter.

Very truly yours,

A. Andrew Gallo

cc: ARCO Oil and Gas
P. O. Box 1710
Hobbs, New Mexico 88240

Exxon Company, U.S.A.
P. O. Box 1600
Midland, Texas 79702

Chevron U.S.A.
P. O. Box 670
Hobbs, New Mexico 88240



