

Case 10766

Related OCD

Records

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 913
Order No. R-674

THE APPLICATION OF SUNRAY MID-
CONTINENT OIL COMPANY FOR AN
ORDER GRANTING APPROVAL OF AN
EXCEPTION PURSUANT TO RULE 5 (a)
OF THE SPECIAL RULES AND REGULATIONS
OF THE EUMONT GAS POOL OF ORDER NO.
R-520 IN ESTABLISHMENT OF A NON-STANDARD
GAS PRORATION UNIT OF 160 CONTIGUOUS ACRES
CONSISTING OF THE E/2 SW/4 OF SECTION 11
AND THE W/2 SW/4 OF SECTION 12, TOWNSHIP
21 SOUTH, RANGE 36 EAST, NMPM, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on June 13, 1955 at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 17th day of August, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 5 (a) of the Special Rules and Regulations of the Eumont Gas Pool of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.

(3) That applicant, Sunray Mid-Continent Oil Company is the owner of an oil and gas lease in Lea County, New Mexico the land consisting of other than a legal section, and described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
E/2 SE/4 of Section 11
and W/2 SW/4 of Section 12

containing 160 acres, more or less.

(4) That applicant, Sunray Mid-Continent Company has a producing well on the aforesaid lease known as the C. W. Marshall Well No. 2, located 1980 feet from the south line and 660 feet from the east line of Section 11, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid well will be recompleted within the vertical and horizontal limits of the Eumont Gas Pool, as said pool is delineated and designated in Order No. R-520.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 160 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Sunray Mid-Continent Oil Company for approval of a non-standard proration unit consisting of the following described acreage:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
E/2 SE/4 of Section 11
and W/2 SW/4 of Section 12

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, C. W. Marshall Well No. 2, located in the NE/4 SE/4 of Section 11, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 160 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

State of New Mexico
Oil Conservation Commission

Signed by: John F. Simms, Chairman; E. S. Walker, Member; W. B. Macey,
Member and Secretary.

ir/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 15, 1955

C
O
P
Y

Two States Oil Company
P. O. Box 176
Lunice, New Mexico

Attention: Mr. J. C. Crain

Administrative Order NSP-154

Gentlemen:

Reference is made to your application for approval of a 120-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the following acreage:

Township 21 South, Range 36 East, NMPM
S/2 NE/4, NW/4 SE/4 of Section 11

It is understood that this unit is to be ascribed to your M. L. McQuattie, Well No. 1, located 1780 feet from the South line and 1780 feet from the East line of Section 11, NW/4 SE/4, Township 21 South, Range 36 East, NMPM, De. County, New Mexico.

By authority granted me under provisions of Rule 5, Section (b)-6 of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Ord., R-520, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules, based upon the unit size of 120 acres.

Very truly yours,

W. B. Macey
Secretary-Director

WBM:jh

cc: Oil Conservation Commission, Hobbs
N. M. Oil and Gas Engineering Comm., Hobbs

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 16, 1950

Sinclair Oil and Gas Company
P. O. Box 1470
Midland, Texas

Attention: Mr J. T. Reeves

Administrative Order NSP-265

Gentlemen:

Reference is made to your application for approval of a 40-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the following acreage:

Township 21 South, Range 36 East, NMPM
SW/4 SE/4 of Section 11

It is understood that this unit is to be ascribed to your M. S. Berryman Well No. 1, located 390 feet from the South line and 1550 feet from the East line and in the SW/4 SE/4 of Section 11, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

By authority granted me under provisions of Rule 5, Section (b)-6 of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules, based upon the unit size of 40 acres.

Very truly yours,

A. L. Porter, Jr.
Acting Secretary-Director

ALP:jh

cc: Oil Conservation Commission, Hobbs
N. M. Oil and Gas Engr. Comm., Hobbs
El Paso Natural Gas Co., Jal and El Paso



TONY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 13, 1986



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Conoco Inc.
P. O. Box 460
Hobbs, New Mexico 88240

Attention: Donald W. Johnson

AMENDED
Administrative Order NSL-2153

Gentlemen:

Reference is made to your application for a non-standard location for your State D No. 16 well to be located 2080 feet from the South line and 660 feet from the West line of Section 11, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico. The SW/4 and SW/4 NW/4 of said Section 11 shall be dedicated to the well.

By authority granted me under the provisions of Rule 104 F(I), the above-described unorthodox location is hereby approved.

Sincerely,

R. L. Stamets
R. L. STAMETS, DIRECTOR

RLS/DC/dr

cc: Oil Conservation Division - Hobbs
Oil & Gas Division - State Land Office - Santa Fe
Bureau of Land Management - Hobbs
NSP-504 File

NOTE: The above-described acreage was authorized by Administrative Order NSP-504, dated September 14, 1959, and dedicated to the applicant's State "D" Com Well No. 1 located 1980 feet from the South line and 660 feet from the West line of said Section 11. The Eumont zone in said well was abandoned on December 19, 1985. The subject well of this Order is hereby authorized the same acreage dedication as previously assigned the State "D" Com Well No. 1.



TONY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

September 27, 1985

50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Conoco Inc.
P. O. Box 460
Hobbs, New Mexico 88240

Attention: Donald W. Johnson

Administrative Order NSL-2153

Gentlemen:

Reference is made to your application for a non-standard location for your State D No. 16 well to be located 2080 feet from the South line and 660 feet from the West line of Section 11, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico. The SW/4 and SW/4 NW/4 of said Section 11 shall be dedicated to the well.

By authority granted me under the provisions of Rule 104 F(I), the above-described unorthodox location is hereby approved.

Sincerely,

R. L. STAMETS, DIRECTOR

RLS/DC/dr

cc: Oil Conservation Division - Hobbs
Oil & Gas Division - State Land Office - Santa Fe
Bureau of Land Management - Hobbs

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 14, 1959

Continental Oil Company
825 Petroleum Building
Roswell, New Mexico

Administrative Order NSP-504

Gentlemen:

Reference is made to your application for approval of a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the following acreage:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 11: SW/4 and SW/4 NW/4

It is understood that this unit is to be dedicated to your State D-11 Well No. 1, located 1980 feet from the South line and 660 feet from the West line of said Section 11.

By authority granted me under provisions of Rule 5 (b), of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with the pool rules, based upon the unit size of 200 acres.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/OEP/og

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs
El Paso Natural Gas Company - El Paso

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 1486
Order No. R-1227

APPLICATION OF GULF OIL CORPORATION
FOR THE ESTABLISHMENT OF A 320-ACRE
NON-STANDARD GAS PRORATION UNIT IN
THE EUMONT GAS POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on July 24, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 6th day of August, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, 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 applicant, Gulf Oil Corporation, is the operator of the following described acreage: Lots 13 and 14 and the SW/4 of Section 2 and the N/2 NW/4 of Section 11, all in Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That applicant is the operator of the J. F. Janda "D" Well No. 1, located 1980 feet from the South line and 660 feet from the West line of said Section 2.
- (4) That by Administrative Order NSP-53 applicant was granted a 160-acre non-standard gas proration unit in the Eumont Gas Pool for the above-described J. F. Janda "D" Well No. 1, said unit consisting of Lots 13 and 14 and the N/2 SW/4 of said Section 2; that by Administrative Order NSP-201 applicant was granted a 240-acre non-standard gas proration unit in the Eumont Gas Pool for the said J. F. Janda "D" Well No. 1, said unit consisting of Lots 13 and 14 and the SW/4 of said Section 2.

CASE NO. 1486
Order No. R-1227

(5) That the applicant seeks the establishment of a 320-acre non-standard gas proration unit in the Eumont Gas Pool, such unit to consist of Lots 13 and 14 and the SW/4 of said Section 2 and the N/2 NW/4 of said Section 11, and to be dedicated to the aforementioned J. F. Janda "D" Well No. 1.

(6) That approval of the subject application will not cause waste nor impair correlative rights.

(7) That the subject application should be granted.

IT IS THEREFORE ORDERED:

(1) That Administrative Orders NSP-53 and NSP-201 be and the same are hereby superseded.

(2) That the application of Gulf Oil Corporation for the establishment of a 320-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of Lots 13 and 14 and the SW/4 of Section 2 and the N/2 NW/4 of Section 11, all in Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, be and the same is hereby granted. Said unit is to be dedicated to the applicant's J. F. Janda "D" Well No. 1, located 1980 feet from the South line and 660 feet from the West line of said Section 2.

(3) That the said J. F. Janda "D" Well No. 1 be granted an allowable in the proportion that the acreage in said unit bears to the acreage in a standard proration unit for the Eumont Gas Pool, subject to the provisions of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order No. R-520.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

December 15, 1992

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 627-5800

Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

Attention: Richard E. Black

Administrative Order SD-92-12

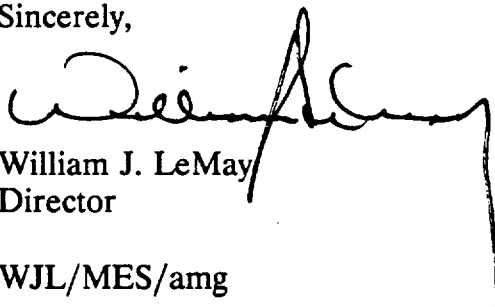
Dear Mr. Black:

Per your application dated November 19, 1992, you are hereby authorized to simultaneously dedicate Eumont Gas Pool production to the previously approved non-standard 320-acre gas spacing and proration unit comprising Lots 13 and 14 and the SW/4 of Irregular Section 2, and the N/2 NE/4 of Section 11, both in Township 21 South, Range 36 East, NMPM, Lea County, New Mexico (Division Order R-1486, dated August 6, 1958), from the existing J.F. Janda (NCT-D) Well No. 1 located at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit T) of said Section 2 and to the J.F. Janda (NCT-D) Well No. 4 located at a standard gas well location 2970 feet from the South line and 660 feet from the West line (Unit M) of said Section 2.

It is our understanding that the No. 4 well is to be recompleted from the Oil Center-Glorieta and Hardy Tubb-Drinkard Oil Pools, where the well is currently downhole commingled (Division Order DHC-766, dated September 27, 1990).

Further, you are permitted to produce the allowable assigned said 320-acre unit from both wells in any proportion.

Sincerely,



William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs



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



BRUCE KING
GOVERNOR

October 13, 1993

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

ANITA LOCKWOOD
CABINET SECRETARY

Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

Attention: Richard E. Black

Corrected Administrative Order SD-92-12

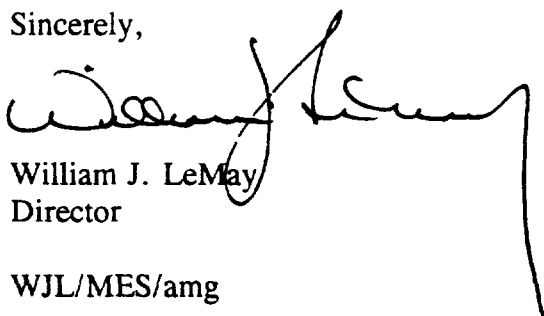
Dear Mr. Black:

Per your application dated November 19, 1992, you are hereby authorized to simultaneously dedicate Eumont Gas Pool production to the previously approved non-standard 320-acre gas spacing and proration unit comprising Lots 13 and 14 and the SW/4 of Irregular Section 2, and the N/2 NW/4 of Section 11, both in Township 21 South, Range 36 East, NMPM, Lea County, New Mexico (Division Order R-1486, dated August 6, 1958), from the existing J.F. Janda (NCT-D) Well No. 1 located at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit T) of said Section 2 and to the J.F. Janda (NCT-D) Well No. 4 located at a standard gas well location 2970 feet from the South line and 660 feet from the West line (Unit M) of said Section 2.

It is our understanding that the No. 4 well is to be recompleted from the Oil Center-Glorieta and Hardy Tubb-Drinkard Oil Pools, where the well is currently downhole commingled (Division Order DHC-766, dated September 27, 1990).

Further, you are permitted to produce the allowable assigned said 320-acre unit from both wells in any proportion.

Sincerely,


William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs

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

October 27, 1989

John H. Hendrix Corporation
223 West Wall Street
Suite 525
Midland, TX 79701

Attention: Ronnie H. Westbrook

Amended Administrative Order NSP-106(L)

Dear Mr. Westbrook:

Reference is made to your application of September 12, 1989 to reinstate the previously approved 80-acre non-standard gas spacing and proration unit in the Eumont Gas Pool (Administrative Order NSP-106 dated March 16, 1955) comprising the N/2 NE/4 of Section 11, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

It is our understanding that the original well dedicated to this unit, the Amoco McQuatters Well No. 1 located 660 feet from the North and East lines of said Section 11, was plugged back to the Eunice Monument Pool and was turned over to the Chevron U.S.A., Inc. Eunice Monument South Unit in January, 1987.

Furthermore, it is our understanding that this unit will now be dedicated to a replacement well, the McQuatters Well No. 1, to be drilled at an unorthodox gas well location 860 feet from the North line and 2100 feet from the East line (Unit B) of said Section 11.

By authority granted me under the provisions of Rules 2(c) and 2(a)4 of the Special Rules for the Eumont Gas Pool as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox gas well location and non-standard gas proration unit are hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM Oil and Gas Engineering Committee - Hobbs
Case File: 9780

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 16, 1955

Stanolind Oil and Gas Co.
P. O. Box 68
Hobbs, New Mexico

Attention: Mr. R. L. Hendrickson

Administrative Order NSP-106

Gentlemen:

Reference is made to your application for approval of a 60-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the following acreage:

Township 21 South, Range 36 East, NMPM
N/2 NE/4 of Section 11

It is understood that this unit is to be ascribed to your R. B. McQuatters Well No. 1, located 660' from the North and East lines of Section 11, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

By authority granted me under provisions of Rule 5, Section (b)-6 of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules, based upon the unit size of 60 acres.

Very truly yours,

W. B. Macey
Secretary-Director

WBM:jh

cc: Oil Conservation Commission, Hobbs
N. M. Oil & Gas Engineering Committee, Hobbs

Example

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. 9766
Order No. R-9010

APPLICATION OF DOYLE HARTMAN
FOR A NON-STANDARD GAS PRORATION
UNIT AND AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 20, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of October, 1989, 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, Doyle Hartman, seeks approval for an unorthodox gas well location for its A. L. Christmas Well No. 1 to be drilled 990 feet from the North line and 460 feet from the West line (Unit D) of Section 18, Township 22 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, Lots 1, 2, 3 and 4 of said Section 18 to be dedicated to the subject well forming a non-standard 147.96-acre gas spacing and proration unit for said pool.
- (3) The subject well will be located within the Eumont Gas Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre gas spacing and proration units with wells to be located no closer than 1650 feet to the outer boundary of the section

-2-

Case No. 9766
Order No. R-9010

and no closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

(4) The evidence presented indicates that the subject non-standard gas proration unit has previously been utilized to produce Eumont gas reserves underlying said Section 18, said unit approved by Division Administrative Order No. NSP-341, dated January 10, 1957.

(5) The evidence further indicates that the well to which the subject non-standard gas proration unit was previously dedicated, the Gulf Oil Corporation A. L. Christmas "C" Well No. 5, was plugged and abandoned in May, 1981.

(6) The applicant is the current leasehold owner of the subject acreage and proposes to drill its A. L. Christmas Well No. 1 to produce the remaining gas reserves in the Eumont Gas Pool underlying the proposed non-standard gas proration unit.

(7) The evidence indicates that the applicant is unable to form a standard gas proration unit inasmuch as the remaining acreage in said Section 18 is currently being utilized (by virtue of four existing non-standard gas proration units) to produce the Eumont Gas Pool.

(8) The applicant presented further evidence and testimony which indicates that due to the irregular shape of the non-standard gas proration unit, it is impossible to drill a well at a standard gas well location thereon, and that taking into account geologic and topographic considerations, a well at the proposed location will enable the applicant to produce the remaining gas reserves underlying the proposed non-standard gas proration unit.

(9) No interest owner in said Section 18 and/or offset operator appeared and objected to the proposed non-standard gas proration unit and unorthodox gas well location.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

-3-

Case No. 9766
Order No. R-9010

(11) For purposes of assigning a gas allowable in the Eumont Gas Pool, the subject well and proration unit should be assigned an acreage factor of 0.93.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Doyle Hartman, is hereby authorized to drill its A. L. Christmas Well No. 1 at an unorthodox gas well location 990 feet from the North line and 460 feet from the West line (Unit D) of Section 18, Township 22 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

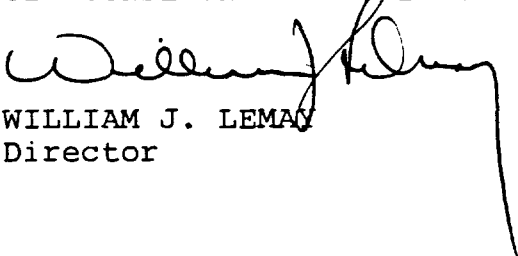
(2) Lots 1, 2, 3 and 4 of said Section 18 shall be dedicated to the above-described well forming a non-standard 147.96-acre gas spacing and proration unit for said pool.

(3) For purposes of assigning a gas allowable in the Eumont Gas Pool, the subject well and proration unit shall be assigned an acreage factor of 0.93.

(4) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAN
Director

S E A L

fd/

M.S. 11/1/93
RS 11/2/93
W.A. 11/3/93

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. 10766
Order No. R- 10009

APPLICATION OF DAVID H. ARRINGTON
OIL & GAS, INC. FOR AN UNORTHODOX GAS
WELL LOCATION AND A NON-STANDARD GAS
PRORATION UNIT, LEA COUNTY, NEW MEXICO.

205
11/2

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 23, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ____ day of November, 1993, 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, David H. Arrington Oil & Gas, Inc. ("Arrington"), seeks approval for an unorthodox gas well location for its proposed McQuatters Well No. 1 to be drilled 1980 feet from the North line and 1830 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, the S/2 NE/4, SE/4 NW/4, and NW/4 SE/4 of said Section 11 (resulting in a "T" shaped unit) to be dedicated to said well forming a non-standard 160-acre gas spacing and proration unit for said pool.

(3) The Eumont Gas Pool is governed under the Division's *General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Eumont Oil and Gas Pool*, as promulgated by Division Order No. R-8170, as amended, which require wells to be located no closer than 660 feet from the outer boundary of a gas spacing and proration unit with a maximum acreage of 160 acres. A standard gas proration and spacing for said pool is 640 acres.

unit

(4) Testimony presented at the hearing and Division records indicate that a portion of the subject acreage has previously been utilized for a 120-acre non-standard Eumont gas spacing and proration unit comprising S/2 NE/4 and NW/4 SE/4 in which was dedicated the Two States Oil Company McQuatters Well No. 1, located at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 11, said unit approved by Division Administrative Order NSP-154, dated June 15, 1955. This unit ceased to exist in 1987 when the Eumont perforations were abandoned and the well was recompleted in the Eunice Monument Grayburg San Andres Pool and transferred to Chevron U.S.A., Inc. for use in its Eunice Monument South Unit Waterflood Project as a water injection well. There is no indication that the 40-acre tract comprising the SE/4 NW/4 was ever dedicated to a Eumont Gas proration unit.

(5) The applicant is now the current leasehold owner of the Eumont rights underlying the subject 160 acres and proposes to drill its McQuatters Well No. 1 to produce the remaining gas reserves in the Eumont Gas Pool underlying the proposed 160-acre unit.

(6) The remaining acreage in Section 11 is currently being utilized in five existing non-standard Eumont Gas proration units:

- the 80 acres comprising the N/2 NE/4, approved by Division Administrative Order NSP-106, dated March 16, 1955 and amended October 27, 1989, ^{are} ~~is~~ currently dedicated to John H. Hendrix Corporation's McQuatters Well No. 1, located at an unorthodox gas well location 860 feet from the North line and 2100 feet from the East line (Unit B);

- the 80 acres comprising the N/2 NW/4 ^{are} ~~is~~ incorporated into a 320-acre non-standard gas spacing and proration unit that includes Lots 13 and 14 and the SW/4 of the adjacent Section 2 to the north, approved by Division Order No. R-1227, dated August 6, 1958, and has currently dedicated to it the Chevron U.S.A., Inc. J. F. Janda (NCT-D) Com Well Nos. 1 and 4, both located at standard gas well locations in Units "T" and "M", respectively, of said Section 2 (see also Division Administrative Order SD-92-12, dated December 15, 1992, as corrected October 13, 1993);

- the 200 acres comprising the SW/4 NW/4 and the SW/4, approved by Division Administrative Order NSP-504, September 14, 1959, and reconfirmed by Division Administrative Order NSL-2153, dated September 27, 1985 and May 13, 1986, ^{are} ~~is~~ currently dedicated to the Conoco, Inc. State "D" Well ¹⁶ ~~16~~, located at an unorthodox gas well location 2080 feet from the South line and 660 feet from the West line (Unit L);

- the 40 acres comprising the SW/4 SE/4 (Unit O), approved by Division Administrative Order NSP-265, dated May 16, 1956, ^{are} ~~is~~ currently dedicated to John H. Hendrix Corporation's M. S.

Berryman Well No. 1, located 330 feet from the South line and 1650 feet from the East line (Unit O); and,

- the 80 acres comprising the E/2 SE/4 ^{are} ~~is~~ incorporated into a 160-acre non-standard gas spacing and proration unit that includes the W/2 SW/4 of the adjacent Section 12 to the east, approved by Division Order No. R-674, dated August 17, 1955, and has currently dedicated to it the Lewis B. Burleson, Inc. Marshall Well No. 1, located at ^a standard gas well location 660 feet from the South and East lines (Unit P).

(7) The operator of the above-described off^osetting 200-acre non-standard unit to the west, Conoco, Inc., appeared at the hearing and objected to approval of the proposed unorthodox location portion of this application.

(8) The closest standard gas well location for this unit is 1980 feet from the North and West lines of said Section 11, however this particular location is occupied by a Chevron U.S.A., Inc. Eunice Monument South Unit/Eunice Monument Grayburg San Andres Pool water injection well, thereby making this an impossible alternate drill site.

(9) Considering the geological evidence submitted by both parties in this case, there appears to be only a very minimal structural advantage to the applicant by locating the well at the proposed location and considering further that Arrington possesses the right to develop the Eumont Gas Pool underlying his acreage, the requested location should be approved. However, to ensure that the correlative rights of the other operators in the pool are being protected, an allowable penalty should be imposed on the subject gas spacing and proration unit.

(10) The penalty imposed for the Eumont gas production upon the subject acreage, as long as the well is classified a "gas well", should be based simply upon the footage variation of the unorthodox location that this well is crowding the outer boundary of the unit ^a then a well at the closest standard gas well location for this size and shaped proration unit. The subject well, being 1980 feet from the North line and 1830 feet from the West line (Unit F) of said Section 11, is 150 feet or 23 percent, closer than permitted to the extreme western boundary of this "T" shaped unit.

(11) An allowable factor of 77 percent (a penalty of 23 percent) for the subject 160-acre unit, which should be assigned as an acreage factor, will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, is in the best interest of conservation and will prevent waste.

(12) Should, at any future date the subject well be reclassified as an oil well, pursuant to said rules and regulations governing wells in the Eumont Pool, this order should be placed in abeyance until further notice.

IT IS THEREFORE ORDERED THAT:

(1) The application of David H. Arrington Oil & Gas, Inc. for an exception to the Division's *General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Eumont Oil and Gas Pool*, as promulgated by Division Order No. R-8170, as amended, authorizing an unorthodox gas well location and a 160-acre gas spacing and proration unit, is hereby approved for its McQuatters Well No. 1 to be drilled 1980 feet from the North line and 1830 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

(2) A 160-acre non-standard gas spacing and proration unit comprising the S/2 NE/4, SE/4 NW/4, and NW/4 SE/4 of said Section 11 is hereby established and shall be dedicated to said well.

(3) For the purposes of assigning a gas allowable in the Eumont Gas Pool, the subject non-standard proration unit shall be assigned an acreage factor 0.77.

60%

(4) Should, at any future date the subject well be reclassified as an oil well, pursuant to said rules and regulations governing wells in the Eumont Pool, this order shall be placed in abeyance until further notice.

of this cause

(5) Jurisdiction is hereby 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY
Director

S E A L