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June 19, 1984

RECEIVED

JUN 19 1984

OIL CONSERVATION DIVISION

Mr. Joe D. Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

"Hand Delivered"

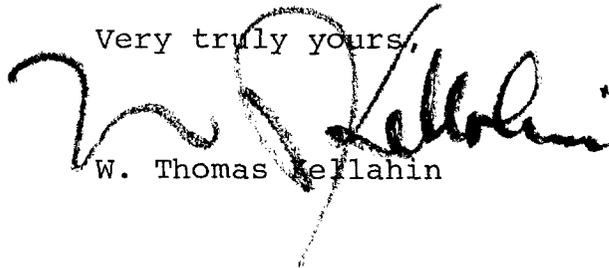
Re: Petrus Operating Company, Inc.

Case 8742

Dear Mr. Ramey:

Please set the enclosed application for hearing
at the next available examiner hearing on July 11,
1984.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Don D. Matson
Suite 310
Western United Life Building
Midland, Texas 79701

Petrus Operating Company, Inc.
Attn: Mr. Barkley Armstrong
12201 Merit Drive Suite 900
Dallas, Texas 75251

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

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OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PETRUS OPERATING COMPANY, INC.
FOR APPROVAL OF AN UNORTHODOX OIL
WELL LOCATION AND A NON-STANDARD
PRORATION AND SPACING UNIT, LEA
COUNTY, NEW MEXICO.

CASE: 8242

A P P L I C A T I O N

COMES NOW PETRUS OPERATING COMPANY, INC., by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order approving a non-standard spacing and proration unit and unorthodox well location in the Bagley-Siluro-Devonian Pool, Lea County, New Mexico, consisting of the NE/4SE/4 of Section 34, T11S, R33E, NMPM, Lea County, New Mexico, and in support thereof would show:

1. Applicant is the operator and has the right to drill the NE/4SE/4 of Section 34, T11S, R33E, NMPM, Lea County, New Mexico.

2. That the Bagley-Siluro-Devonian Pool Rules provide for a standard proration and spacing unit to consist of 80-acres and to be either the E/2 or W/2 of a quarter-section and further provides that the well be drilled in either the Northwest or Southeast quarter-quarter-section.

3. Applicant desires approval of a non-standard proration and spacing unit consisting of the NE/4SE/4 of Section 34 being a 40-acre tract.

4. That the proposed location is the optimum location to drill the subject well.

5. That approval of the application is in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set for hearing and that after notice and hearing the application be approved as requested.

Kellahin & Kellahin

By 

W. Thomas Kellahin
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BAGLEY-SILURO-DEVONIAN POOL

Lea County, New Mexico.

Order No. R-69, Adopting Rules for the Bagley Siluro-Devonian Pool, Lea County, New Mexico, May 1, 1951; as Amended by Order No. R-69-A, April 29, 1952; Order No. R-69-B, April 20, 1953; Order No. R-69-C, May 21, 1953; Order No. R-69-D, June 30, 1954.

The matter of the application of the Oil Conservation Commission upon its own motion for an order directed to the operators in the Bagley-Siluro-Devonian Pool, Lea County, New Mexico, to show cause why said pool should not be placed on 40-acre spacing with allowable adjustment, upon expiration of temporary order.

CASE NO. 249
(Consolidated with Case No. 315)
Order No. R-69-D

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing on May 19, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of June, 1954, the Commission, a quorum being present, having considered the testimony adduced and exhibits received at said hearings, and being fully advised in the premises,

FINDS:

(1) That due notice having been given and proper service had upon the operators in said pool as required by law, the Commission has jurisdiction of this cause.

(2) That originally the Commission issued Temporary Order R-69, effective May 1, 1951, to and including May 1, 1952, authorizing the development and production of the Bagley-Siluro-Devonian Pool on an 80-acre spacing pattern with 80-acre proration units.

(3) That thereafter and prior to the expiration of Order R-69, the Commission after due notice and hearing issued Order R-69-A, which granted an extension of Order R-69, as modified, for a period of one year from and after May 1, 1952.

(4) That thereafter and prior to the expiration of Order R-69-A as modified by Order R-69-B, the Commission after due notice and hearing issued Order R-69-C, effective June 1, 1953, to and including June 1, 1954, which authorized the development and production of the Bagley-Siluro-Devonian Pool on an 80-acre spacing pattern with 80-acre proration units.

(5) That for the prevention of waste and in the interests of conservation, the provisions of said Commission Temporary Order R-69-C, as hereinafter modified and set forth, should be made permanent.

IT IS THEREFORE ORDERED:

(a) That 80-acre spacing of wells and establishment of 80-acre proration units in the Bagley-Siluro-Devonian Pool, Lea County, New Mexico, described as:

Township 11 South, Range 33 East, NMPM

All Section 34; NW/4 and S/2 Section 35

Township 12 South, Range 33 East, NMPM

N/2 and SE/4 of Section 3; all of Section 2;

E/2 NW/4 and NE/2 NE/4 of Section 11

be, and the same is hereby authorized; such proration units to consist of the E/2 and the W/2 respectively of each governmental survey quarter section therein and the well location thereon shall be in the center (permissive tolerance 150 feet) of the northwest and southeast quarter sections thereof.

PROVIDED, HOWEVER, that the following described units do, and shall constitute permissible exceptions to the spacing and proration unit plan aforesaid:

Township 11 South, Range 33 East, NMPM

N/2 NW/4 of Section 35; S/2 NW/4 of Section 35

Township 12 South, Range 33 East, NMPM

N/2 NW/4 of Section 3; S/2 NW/4 of Section 3;

N/2 NE/4 of Section 2; SW/4 NE/4 and NW/4 SE/4 of

Section 2; SE/4 NE/4 and NE/4 SE/4 of Section 2;

S/2 SE/4 of Section 2;

N/2 NE/4 of Section 11

(b) That no well shall be drilled or produced in said pool except it be in conformity with the spacing and proration unit pattern hereinabove authorized unless, after notice and hearing, a special order of authorization is had and obtained from the Commission.

(c) That should any well be drilled off-pattern, under authority of any special order, then, and in that event, the same shall be entitled only to an allowable equal to that of a standard 40-acre proration unit with deep pool adaptation as provided by Commission rules. Nothing contained in this order shall be construed as requiring by the Commission the drilling of any wells at any location.

IT IS FURTHER ORDERED: That the Bagley-Siluro-Devonian Pool and the 80-acre proration units therein, hereby established and confirmed, be and the same hereby are granted an allowable equal to the top allowable for wells in the Bagley-Siluro-Devonian depth range, calculated by the use of the 80-acre proportional factor as provided for in Rule 505 of the Rules and Regulations of this Commission, together with the acreage factor, if any there be;

PROVIDED HOWEVER, that no well in such pool will be assigned an allowable greater than the amount of oil produced on official gas-oil ratio tests during a 24-hour period in compliance with Rule 301 of the said Rules and Regulations.

IT IS FURTHER ORDERED:

(a) That each operator in said pool shall take or cause to be taken bottom-hole pressure tests of each producing well operated by him in said pool during the months of July of each calendar year; the results of such tests shall be tabulated, and reflect the pressure of each well; the same shall be filed on or before the 5th day of August, of each calendar year, with the Commission at Santa Fe, New Mexico (with copy to Hobbs office); it is further provided, that such bottom-hole pressure tests shall be taken in conformity with the requirements of Rule 302 of the Commission's Rules and Regulations as revised.

This order supersedes all previous temporary orders and interlocutory orders heretofore issued in this case.

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