

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

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OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
UNION TEXAS PETROLEUM CORPORATION FOR
A NON-STANDARD SPACING OR PRORATION
UNIT, LEA COUNTY, NEW MEXICO.

Case 8793

APPLICATION

Comes now, UNION TEXAS PETROLEUM CORPORATION, by and through its undersigned attorneys, and hereby seeks an order creating a 40-acre non-standard proration unit in the Northeast Caudill-Wolfcamp Pool, and in support thereof states:

1. Union Texas Petroleum Corporation is operator of the Scott No. 1 Well located 1,830 feet from the South line and 660 feet from the West line of Section 1, Township 15 South, Range 36 East, N.M.P.M., Northeast Caudill-Wolfcamp Pool, Lea County, New Mexico.

2. The Scott No. 1 Well was drilled in mid-1984 and completed as a commercial oil well producing from the Wolfcamp formation in the Northeast Caudill-Wolfcamp Pool, and a 40-acre spacing and proration unit comprising the NW/4 of the SW/4 of said Section 1 was dedicated to the well in accordance with the Oil Conservation Division's statewide spacing rules.

3. APC Operating Company filed an application with the Division seeking promulgation of Temporary Special Pool Rules for the Northeast Caudill-Wolfcamp Pool, including 80-acre spacing or proration units.

4. A hearing was held on the application of APC Operating Company on May 8, 1985, and on July 12, 1985, the Division entered Order R-7983 granting APC Operating Company's application and promulgating Temporary Special Pool Rules for the Northeast Caudill-Wolfcamp Pool effective as of June 1, 1985.

5. Wilton Scott, a working interest owner in the Scott No. 1 Well and surrounding acreage, filed an application asking the Division to vacate and void Division Order R-7983.

6. Hearings were held on the application of Wilton Scott on August 14 and 28, 1985, and on October 15, 1985, the Division entered Order R-7983-B, denying the application of Wilton Scott, but changing the effective date of the Temporary Special Pool Rules for the Northeast Caudill-Wolfcamp Pool from June 1, 1985 to July 12, 1985; the date of Division Order R-7983.

7. Pursuant to a farmout agreement between Wilton Scott and the other working interest owners in the Scott Well, any acreage not dedicated to a producing well on June 15, 1985 is to be reassigned to Scott.

8. The change in the effective date of the Temporary Special Pool Rules for the Northeast Caudill-Wolfcamp Pool provided for in Order R-7983-B will not only result in a re-assignment of acreage to Wilton Scott, but will result in the dilution of the working interest of all those interest owners who

have paid their respective shares of the cost of drilling the Scott No. 1 Well and who have shared in the proceeds from the well since first production.

9. Union Texas Petroleum Corporation has filed an application for hearing de novo in Case No. 8678 inasmuch as it is a party of record who is adversely affected by Division Order R-7983-B.

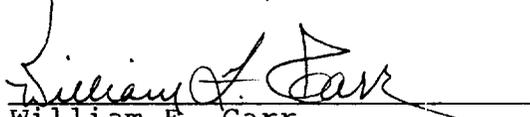
10. Approval of a non-standard spacing or proration unit comprised of the NW/4 of the SW/4 of Section 1, Township 15 South, Range 36 East, N.M.P.M., Northeast Caudill-Wolfcamp Pool, Lea County, New Mexico, and the dedication of the Scott No. 1 Well thereto, will prevent a readjustment of interest in the Scott No. 1 Well, will prevent waste, will protect correlative rights, and otherwise is in the best interest of conservation.

WHEREFORE, Union Texas Petroleum Corporation requests that this case be consolidated with the de novo hearing in Case No. 8678 and that these consolidated cases be set for hearing before the Oil Conservation Commission at the earliest possible date, and after notice and hearing as required by law, the Commission enter its Order denying in toto the application of Wilton Scott in Oil Conservation Division Case 8678 or, in the alternative, granting the application of Union Texas Petroleum Corporation for the creation of a non-standard spacing or proration unit comprised of the NW/4 of the SW/4 of Section 1, Township 15 South, Range 36 East, N.M.P.M., Northeast Caudill-Wolfcamp Pool, Lea County, New Mexico, and granting such other and further relief as the Commission deems appropriate in the premises.

Respectfully submitted,

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