

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8595
Order No. R-7983

APPLICATION OF APC OPERATING
PARTNERSHIP FOR POOL CREATION
AND SPECIAL POOL RULES, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on May 8, 1985,
at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 12th day of July, 1985, 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, APC Operating Partnership, seeks
the creation of a new oil pool for Wolfcamp production com-
prising portions of Sections 1 and 2, Township 15 South,
Range 36 East, NMPM, Lea County, New Mexico.

(3) The applicant further seeks the establishment of
temporary pool rules including a provision for 80-acre well
spacing and proration units for the proposed pool.

(4) The Enstar Petroleum Inc. (now Union Texas Petroleum)
Scott Well No. 1 located in the NW/4 SW/4 of Section 1 and the
Florida Exploration (now APC Operating Partnership) Gilliam
Well No. 1 located in the NE/4 SE/4 of Section 2, both in
Township 15 South, Range 36 East, NMPM, Lea County, New
Mexico, produce from the Wolfcamp formation in the proposed
new Wolfcamp pool area.

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico
Case No. <u>8793</u> LEA No. <u>2</u>
Submitted by <u>UNION TEXAS</u>
Hearing Date <u>1-7-86</u>

(5) The proposed new Wolfcamp pool area is presently within a portion of the established Northeast Caudill-Wolfcamp Pool.

(6) The wells described in Finding Paragraph No. (4), above, are the only producing wells currently producing in the Northeast Caudill-Wolfcamp Pool.

(7) The portion of the application requesting the creation of a new pool should be denied as an established pool for the Wolfcamp formation in said area is already in existence.

(8) The portion of the application requesting 80-acre spacing should be considered for the pool presently existing in the subject area.

(9) Evidence was presented indicating the Wolfcamp formation in the subject area, being part of the Northeast Caudill-Wolfcamp Pool, may be effectively drained with 80-acre spacing and proration units.

(10) Temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and to protect correlative rights.

(11) Temporary special rules and regulations should be established for a one-year period in order to allow the operators in the Northeast Caudill-Wolfcamp Pool to gather reservoir information to establish conclusively that one well can efficiently and economically drain 80 acres.

(12) This case should be reopened at an examiner hearing in August, 1986, at which time the operators in the Northeast Caudill-Wolfcamp Pool should be prepared to appear and show cause why said pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED THAT:

(1) The portion of the application requesting the formation of a new Wolfcamp oil pool in Sections 1 and 2, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby denied.

(2) The following temporary special pool rules and regulations for the Northeast Caudill-Wolfcamp Pool are hereby established for a period of one year:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTHEAST CAUDILL-WOLFCAMP POOL

RULE 1. Each well completed or recompleted in the Northeast Caudill-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Wolfcamp oil pool, shall be spaced, drilled, operated, and produced in accordance with the special rules and regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section.

RULE 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Division Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of either governmental quarter-quarter section or lot dedicated to the well.

RULE 5. The Division Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

July 12, 1985

RULE 6. A standard proration unit (79 through 81 acres) shall be subject to an 80-acre depth bracket allowable of 222 barrels of oil per day. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED THAT:

(3) The locations of all wells presently drilling to or completed in the Northeast Caudill-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before October 1, 1985.

(4) Pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, existing wells in the Northeast Caudill-Wolfcamp Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Division Files Retrospective

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Northeast Caudill-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

earlier Sept. (Sept. 10, 1985)

(5) This case shall be reopened at an examiner hearing in August, 1986, at which time the operators in the Northeast Caudill-Wolfcamp Pool may appear and show cause why said pool should not be developed on 40-acre spacing units.

(6) The provisions of this order shall become effective retroactive to June 1, 1985.

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

Case No. 8595
Order No. R-798

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS
Director

fd/