


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

IN THE MATTER OF THE APPLICATION
OF ZIA ENERGY INC. FOR APPROVAL OF
TWO NON-STANDARD PRORATION AND
SPACING UNITS, UNORTHODOX WELL
LOCATIONS, PENN-ROSE SKELLY
POOL, LEA COUNTY, NEW MEXICO.

CASE: 9201

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054)
I hereby certify that on August 25, 1987, notice of the
hearing, and a copy of the application for the above
referenced case, was mailed at least twenty days prior to
hearings originally set for September 23, 1987 to the
operators and interested parties listed in Exhibit "A".


W. Thomas Kellehin

SUBSCRIBED AND SWORN to before me this 21st day of
September, 1987.


Notary Public

My Commission Expires:

9-26-87

FILED IN NEW MEXICO	
OIL CONSERVATION DIVISION	
ZIA	8
CASE NO.	9221

Exhibit "A"

Anadarko Production Company
215 West Wall
P. O. Box 2497
Midland, Texas 79701

Shell Oil Company
One Shell Place
P. O. Box 2463
Houston, Texas 77252

Texaco Producing Company
P. O. Box 3109
Midland, Texas 79702

Cities Service Oil & Gas Company
P. O. Box 3908
Tulsa, Oklahoma 74102

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

Amerada Hess Corporation
P. O. Box 840
Seminole, Texas 79360

Mobil Producing Texas and New Mexico
901 East Bender Boulevard
Hobbs, New Mexico 88240

Sun Exploration and Production Company
P. O. Box 2080
Dallas, Texas 75221

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: **Canada Pro Production Company**
P. O. Box 2497
Midland, Texas 79701

4. Article Number **P-484 030 106**

Type of Service: ☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Agent *[Signature]*

6. Signature - Addressee

7. Date of Delivery *8-23-87*

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Feb. 1986 ZIA - 9/23/87

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: **Canada Moss Corporation**
P. O. Box 840
Somerville, Texas 79360

4. Article Number **P-484 030 111**

Type of Service: ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Agent *[Signature]*

6. Signature - Addressee

7. Date of Delivery *9-26-87*

8. Addressee's Address (ONLY if requested and fee paid)

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: **Texaco Producing Company**
P. O. Box 3109
Midland, Texas 79702

4. Article Number **P 484-030 108**

Type of Service: ☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee

6. Signature - Agent *[Signature]*

7. Date of Delivery *8-27-87*

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Feb. 1986 ZIA 9/23/87

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: **Chevron, U.S.A.**
P. O. Box 670
Hobbs, New Mexico 88240

4. Article Number **P-484 030 112**

Type of Service: ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee

6. Signature - Agent *[Signature]*

7. Date of Delivery *9-26-87*

8. Addressee's Address (ONLY if requested and fee paid)

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Sun Exploration and Production Company P.O. Box 2880 Dallas, Texas 75221

4. Article Number P-484 030 113

Type of Service: ☒ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail

8. Addressee's Address (ONLY if requested and fee paid) Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent

7. Date of Delivery

DOMESTIC RETURN RECEIPT Form 3811, Feb. 1986 ZIA - 9/23/87

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Shell Service Oil & Gas P.O. Box 3908 Tulsa, Oklahoma 74102

4. Article Number P-484 030 109

Type of Service: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail

8. Addressee's Address (ONLY if requested and fee paid) Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent

7. Date of Delivery

DOMESTIC RETURN RECEIPT Form 3811, Feb. 1986 ZIA - 9/23/87

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Mobil Producing Texas and New Mexico 901 East Bender Blvd. Hobbs, New Mexico 88240

4. Article Number P-484 030 112

Type of Service: ☒ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail

8. Addressee's Address (ONLY if requested and fee paid) Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent

7. Date of Delivery

DOMESTIC RETURN RECEIPT PS Form 3811, Feb. 1986 ZIA - 9/23/87

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Shell Oil Company P.O. Box 2463 Houston, Texas 77252

4. Article Number P-484 030 107

Type of Service: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail

8. Addressee's Address (ONLY if requested and fee paid) Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent

7. Date of Delivery

DOMESTIC RETURN RECEIPT PS Form 3811, Feb. 1986 ZIA - 9/23/87

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. 9221
Order No. R-8527

APPLICATION OF ZIA ENERGY,
INC. FOR TWO NON-STANDARD
PRORATION UNITS 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 23, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of October, 1987, 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, Zia Energy, Inc., seeks approval for a 20-acre non-standard oil spacing and proration unit comprising the N/2 NW/4 SE/4 (N/2 of Unit J) of Section 4, Township 22 South, Range 37 East, NMPM, Penrose Skelly-Grayburg Pool, to be dedicated to its R. L. Brunson Well No. 1 located 2310 feet from the South and East lines of said Section 4.

(3) The applicant further seeks the reclassification of its Brunson Well No. 4 located at an unorthodox gas well location 1650 feet from the South line and 2210 feet from the East line of said Section 4, from an oil well to a gas well in the Penrose Skelly-Grayburg Pool and approval of a 20-acre non-standard gas proration unit consisting of the S/2 NW/4 SE/4 (S/2 of Unit J) of said Section 4 which is to be dedicated to the well.

(4) The NW/4 SE/4 of said Section 4 is currently simultaneously dedicated to the R. L. Brunson Well No. 1 and to the Brunson Well No. 4, which are both currently classified as oil wells in the Penrose Skelly-Grayburg Pool.

(5) Production history from the Brunson Well No. 4 indicates the well has produced at a consistently high gas-oil ratio for a period of at least three years and that the latest production test from the Brunson Well No. 4, which was conducted in August, 1987, shows a producing gas-oil ratio of 121,200:1, which is in excess of the statewide ratio for gas well classification of 100,000:1.

(6) The evidence indicates that the Brunson Well No. 4 should be reclassified from an oil well to a gas well in the Penrose Skelly-Grayburg Pool.

(7) Both proposed non-standard proration units can be efficiently and economically drained and developed by the aforesaid wells.

(8) No offset operator objected to the proposed non-standard proration units, and the evidence further indicates that the majority of offset Penrose Skelly-Grayburg Pool producing wells have either been temporarily or permanently plugged and abandoned.

(9) Approval of the proposed non-standard proration units will afford the applicant the opportunity to produce his just and equitable share of the oil and gas in the Penrose Skelly-Grayburg Pool, will not cause reservoir energy to be wasted, will prevent waste caused by the premature abandonment of the existing wells, and will protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) A 20-acre non-standard oil proration unit consisting of the N/2 NW/4 SE/4 (N/2 of Unit J) of Section 4, Township 22 South, Range 37 East, NMPM, Penrose Skelly-Grayburg Pool, Lea County, New Mexico, is hereby established and dedicated to the R. L. Brunson Well No. 1 located 2310 feet from the South and East lines of said Section 4.

(2) The Brunson Well No. 4 located at an unorthodox gas well location, also hereby approved, 1650 feet from

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Case No. 9221

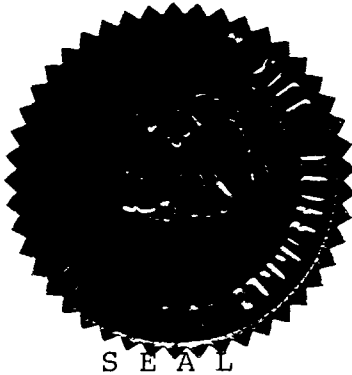
Order No. R-8527

the South line and 2210 feet from the East line of said Section 4 is hereby reclassified as a gas well in the Penrose Skelly-Grayburg Pool.

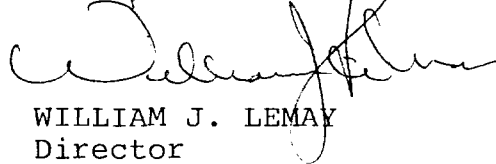
(3) A 20-acre non-standard gas proration unit consisting of the S/2 NW/4 SE/4 (S/2 of Unit J) of Section 4, Township 22 South, Range 37 East, NMPM, Penrose Skelly-Grayburg Pool, Lea County, New Mexico, is hereby established and dedicated to the Brunson Well No. 4 located as described above.

(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. LEMAY
Director

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