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September 11, 1987

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Case 9231

J. T. Sexton, District Supervisor
Oil Conservation Division
1000 West Broadway
Hobbs, New Mexico 88240

Re: Applications of Shell Western E&P Inc.

Dear Jerry:

Enclosed please find three (3) applications which we filed with the Oil Conservation Division's Office in Santa Fe today. These applications are for the creation of a new oil and gas pool, the North Eunice Blinebry-Tubb-Drinkard Oil and Gas Pool, and the contraction of the Blineberry, Tubb and Drinkard Pools; a statutory unitization within the boundaries of the proposed new pool; and an application for approval of a water flood project.

If you have any questions with regard to these applications please do not hesitate to contact me or Jim Smitherman at Shell's office in Houston. Mr. Smitherman's telephone number is (713) 870-3210.

Sincerely,



W. Perry Pearce

WPP:ds:49

Enclosures

cc: Jim Smitherman
Tim Fusselman
William J. LeMay

Called in by Perry Pearce
8/28/87

Memo

From
FLORENE DAVIDSON
OC Staff Specialist

To September 23, 1987

Shell Western E + P Inc.
Statutory Unitization
Northeast Drinkard Unit

5018 acres

Federal, State, and Fee

Sections 2, 3, 4, 10, 11, 14, 15,
22, 23, and 24

T21S - R37E

Lee County

RECEIVED

SEP 1 1977

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

IN THE MATTER OF THE APPLICATION
OF SHELL WESTERN E&P INC. FOR A STATUTORY
UNITIZATION, LEA COUNTY, NEW MEXICO.

Case No. 9231

APPLICATION

COMES NOW the Applicant, Shell Western E&P Inc. (Shell Western) and requests that the Division approve the statutory unitization of the Northeast Drinkard Unit, Lea County, New Mexico for secondary recovery, waterflood, operations.

In support of its application, Applicant states:

1. Shell Western is engaged in the business of producing and selling oil and gas in New Mexico.
2. The unit area for which application is made consists of approximately 5018 acres, more or less, of federal, state and fee lands in Lea County, New Mexico, and is more particularly described in Exhibit A attached hereto and incorporated herein by reference. Shell Western seeks an order pursuant to the Statutory Unitization Act providing for the unitized management, operation and further development of the unit area.
3. The vertical limits of the formation to be included within the proposed unit area is that interval commonly known as the Blinebry, Tubb, and Drinkard formations as encountered

between the log depths of 5530 ft. and 6680 ft. in the Shell Western Argo No. 8 well located 660' FSL, 2310' FWL, Section 15, Township 21 South, R 37 East, Lea County, New Mexico as recorded on the log of that well run on June 21, 1951 and filed with the Oil Conservation Division.

4. The portion of the reservoir involved in this application has been reasonably defined by development.

5. The unitized interval is in effective communication throughout the three stratigraphic intervals due to operational practices in this area which have allowed liberal and frequent commingling of the three zones so that the three zones now comprise one common source of supply.

6. The type of operations to be conducted in this unit will be a waterflood.

7. Attached to this application as Exhibit B and incorporated herein by reference is a copy of the proposed plan of unitization, unit agreement, which Shell Western considers to be fair, reasonable and equitable.

8. Attached to this application as Exhibit C and incorporated herein by reference is a copy of the proposed unit operating agreement setting forth the manner in which the unit will be supervised and managed and setting forth the method of allocation of costs and payment of those costs among unit participants.

9. Shell Western further states:

A. That the unitized management, operation and further development of that portion of the Blinebry, Tubb, and Drinkard formations which is the subject of this application is reasonably necessary in order to effectively carry on waterflood operations and to substantially increase the ultimate recovery of oil from the unitized interval.

B. That the unitized methods of operation applied to the portion of the Blinebry, Tubb, and Drinkard formations which are the subject of this application are feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil from the unitized portion of the North Eunice Blinebry-Tubb-Drinkard Pool that would otherwise be recovered.

C. That the estimated additional costs, if any, of conducting such operations will not exceed the estimated value of additional oil so recovered plus reasonable profit.

D. That such unitization and adoption of unitized methods of operation will benefit the working interest owners and royalty owners of the oil and gas rights within that portion of the pool directly affected.

E. That Shell Western, as operator, has made a good faith effort to secure voluntary unitization within that portion of the pool affected by this application.


F. That the participation formula contained in the unitization agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable, and equitable basis.

10. Approval of the statutory unitization of the Northeast Drinkard Unit is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Shell Western respectfully requests that this application be set for hearing before the Division examiner on September 23, 1987 and after notice and hearing as required by law and the rules of the Division, the Division enter its order granting this application.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By 
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Attorneys for Shell Western
E & P, Inc.

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