

Entered March 2, 1983

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION ON ITS OWN MOTION TO
REDESIGNATE THE BUNKER HILL-
PENROSE POOL TO THE BUNKER HILL-
PENROSE ASSOCIATED POOL, EDDY
COUNTY, NEW MEXICO.

CASE NO. 7787
Order No. R-7227

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 16, 1983, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 2nd day of March, 1983, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the Division has heretofore created and designated the Bunker Hill-Penrose Pool in Eddy County, New Mexico.

(3) That the vertical limits of said pool consist of the Penrose formation and the horizontal limits include the following acreage:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 13: NW/4, W/2 SW/4, and
SE/4 SW/4

Section 14: S/2 and NE/4

Section 23: All

Section 24: NW/4

(4) That while the said Bunker Hill-Penrose Pool is currently classified as an oil pool, the evidence presently available indicates it is, in fact, an associated oil and gas reservoir.

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(5) That said Bunker Hill-Penrose Pool should be reclassified as an associated pool for the production of oil and gas from the Penrose formation and designated the Bunker Hill-Penrose Associated Pool.

(6) That the evidence available at the time of the hearing indicates that said Bunker Hill-Penrose Associated Pool may be efficiently and economically developed by oil wells on 40-acre spacing and proration units and by gas wells on 160-acre spacing and proration units.

(7) That the said evidence further indicates that oil wells and gas wells in said Bunker Hill-Penrose Associated Pool should be located no closer than 330 feet to any quarter section or quarter-quarter section line.

(8) That the effective date of such reclassification should be March 1, 1983.

IT IS THEREFORE ORDERED:

(1) That effective March 1, 1983, the Bunker Hill-Penrose Pool in Eddy County, New Mexico, is hereby reclassified as an associated pool and redesignated the Bunker Hill-Penrose Associated Pool.

(2) That said Bunker Hill-Penrose Associated Pool shall be governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico, promulgated by Order No. R-5353, insofar as said General Rules and Regulations are not inconsistent with the Special Rules and Regulations for the subject pool as hereinafter set forth, in which event the Special Rules shall apply.

SPECIAL RULES AND REGULATIONS
FOR THE
BUNKER HILL-PENROSE ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

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IT IS FURTHER ORDERED:

(1) That, pursuant to Paragraph A. of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing gas wells in the Bunker Hill-Penrose Associated Pool shall have dedicated thereto 160 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.

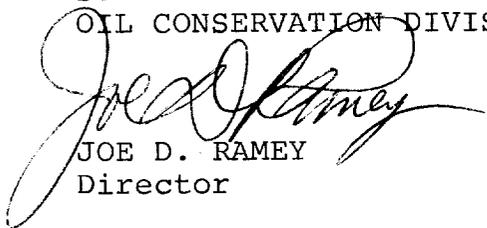
Failure to file new Forms C-102 with the Division dedicating the appropriate acreage to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Bunker Hill-Penrose Associated Pool or in the Penrose formation within one mile thereof shall receive no more than a 40-acre allowable for the pool.

(2) That the effective date of this order shall be March 1, 1983.

(3) That 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


JOE D. RAMEY
Director

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