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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THI	S CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Applica	tion Acronyms:
	[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
	[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF APPLICATION - Check Those Which Apply for [A] [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP X SD SD 60 01- A Apache Corporation's Barber Gas Com 5 (fka, Bertha J Barber 19)
	Check One Only for [B] or [C] [B] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM 30-005-06021
	[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery — Barber 645 Co
	[D] Other: Specify
[2]	NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply [A] Working, Royalty or Overriding Royalty Interest Owners
	[B] X Offset Operators, Leaseholders or Surface Owner
	[C] Application is One Which Requires Published Legal Notice
	[D] Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
	[E] X For all of the above, Proof of Notification or Publication is Attached, and/or,
	[F] Waivers are Attached
[3]	SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed	by an ing	yidual with managerial	and/or supervisory capacity.
-----------------------------------	-----------	------------------------	------------------------------

Brian Wood	E Le Gel	Consultant	6-23-15
Print or Type Name	Signature	Title	Date
		brian@permitswest.	com

e-mail Address



REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
SIMULTANEOUS DEDICATION
INCREASED DENSITY
APACHE CORPORATION'S
BARBER GAS COM 5
(fka, BERTHA J BARBER 19)
30-025-41268
820' FNL & 415' FWL
SECTION 8, T. 20 S., R. 37 E., LEA COUNTY, NM

I. This 3,950' deep well is on fee surface and a fee lease. It was drilled as a Eunice Monument; Grayburg – San Andres (pool code 23000) oil well in January 2014. After lack of production, the well was temporarily abandoned with a CIBP set at 3350' + 35' of cement in July 2014. The current plan is to come up hole and complete in the Eumont; Yates – 7 RVRS – Queen (Gas) (pool 76480).

The well is nonstandard (245' too far west) for the Eumont; Yates – 7 RVRS – Queen (Gas) (76480). It was initially drilled as a standard oil well. The NWNW Section 8 is occupied by 2 other existing oil wells (1 operated by Chevron), 2 P&A wells, 1 proposed oil well, 2 non-Apache buried gas pipelines, 1 fence, 3 roads, and multiple overhead power lines.

Apache requests a nonstandard location in order to recover additional reserves and prevent waste. A standard location must be \geq 660' from the boundary of the quarter section according to R-8170-P Rule 3. (A) (2). In this case, it is 415' from the west side of the NW4 Section 8.

This will be the second Eumont gas well in the NW4 Section 7. Apache requests approval to increase density under R-8170-P Rules 3. (C) and 4. (B).

Apache also requests the simultaneous dedication of Eumont gas production from the Barber Gas Com 1 (30-025-06022), Barber Gas Com 3 (30-025-05981), and Barber Gas Com 5 (30-025-41268). All are, or will be, dedicated to an existing 320 acre proration unit (see Exhibit A) comprising the W2W2 Section 7 and E2E2 Section 8 of T. 20 S., R. 37 E. This was established under R-637 in 1955. Also see administrative approval NSL-3191 (SD) in 1992. Barber Gas Com 4 (30-025-06029) was formerly dedicated, but was P&A in 2011.

- II. Forms C-102 and C-103 showing the well and 320-acre dedication are attached as Exhibit B. The well is 245' too far west.
- III. Lease boundaries are shown on EXHIBIT C. The well encroaches to the west, southwest, and west. This is towards the interior of the 280 acre lease and the 320 acre dedication. Eumont; Yates 7 RVRS Queen (Gas) dedications exist in all directions except due north in M-5-20s-37e. See Exhibit A. This information is current and correct.
- IV. Archaeology is not an issue.
- V. Surface issues (wells, power lines (See Exhibit D) and other infrastructure) and the need to prevent waste and recover additional reserves drive the need for this nonstandard location (See Exhibit E, drainage map).
- VI. Apache does not believe directional drilling to a standard location is cost effective for this well.
- VII. I hereby attest that I, on or before the date that the application was submitted to the division, sent notification to the affected persons (see EXHIBIT F) by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the division receives the application. These affected persons are operators (ConocoPhillips, Enervest Operating, John H. Hendrix Corp., Oxy USA, XTO Energy) or have working or royalty interests in lands that border the 320-acre spacing unit.

Brian Wood, Consultant

6-22-15

Date



STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

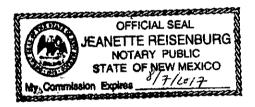
The foregoing instrument was acknowledged before me this 22nd day of June, 2015 by Brian Wood. Witness my hand and official seal.

Notary Public

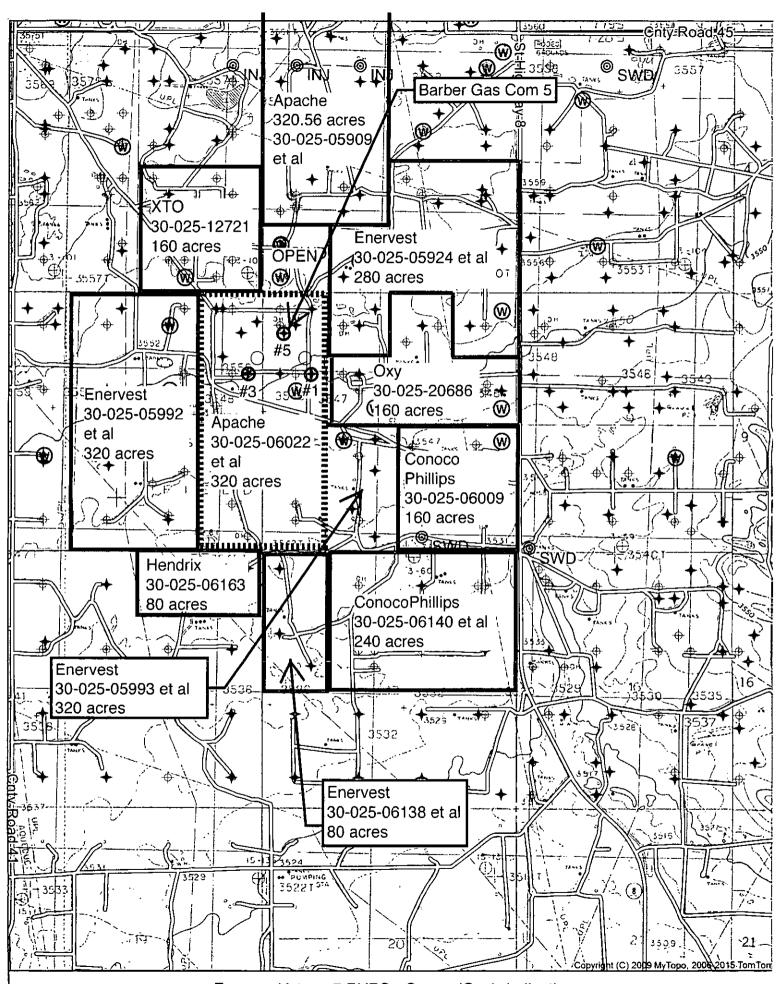
8/7/2017 My Commission Expires: ___

Business Address: 37 Verano Loop, Santa Fe NM 87508

cc: Lawrence







Quad: MONUMENT SOUTH Eumont; Yates - 7 RVRS - Queen (Gas) dedications Scale: 1 inch = 2,000 ft.

FXHIRIT A

State of New Mexico Energy, Minerals and Natural Resources Department

District I PO Box 1980, Hobbs, NM 88241-1980 District II PO Brawer DD, Artesta, NM 88241-9719 District III 1000 Rio Brazon Rd., Astec, NM 87410 District IV PO Box 2008, Santa Fr. NM 87504-2888

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088 Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

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District I PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Artenia, NM 88211-9719 District III

1000 Rio Bramo Rd., Aztet, NM 87410 District IV

PO Box 2088, Santa Fe, NM 87584-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 Form C-102 Revised February 10, 1994 Instructions on back

Submit to Appropriate District Office State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

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District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 83210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102 Revised October 12, 2005 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

1220 S. St. Francis	Dr., Santa P	e, NAI 87505	3						☐ AMI	ENDED R	EPORT
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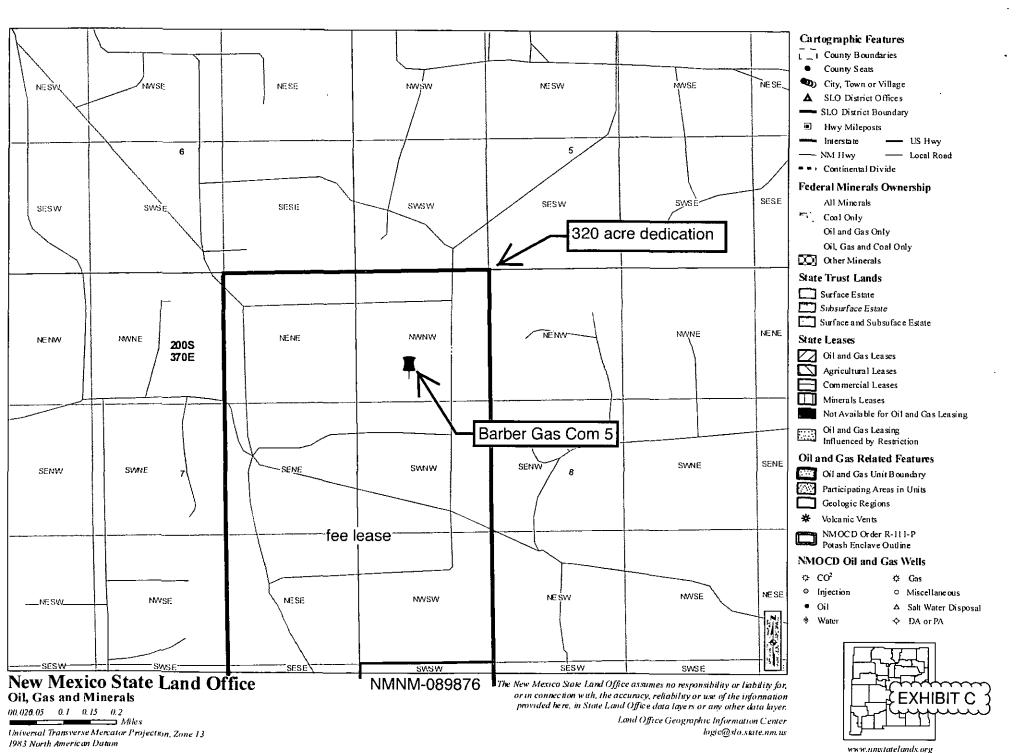
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

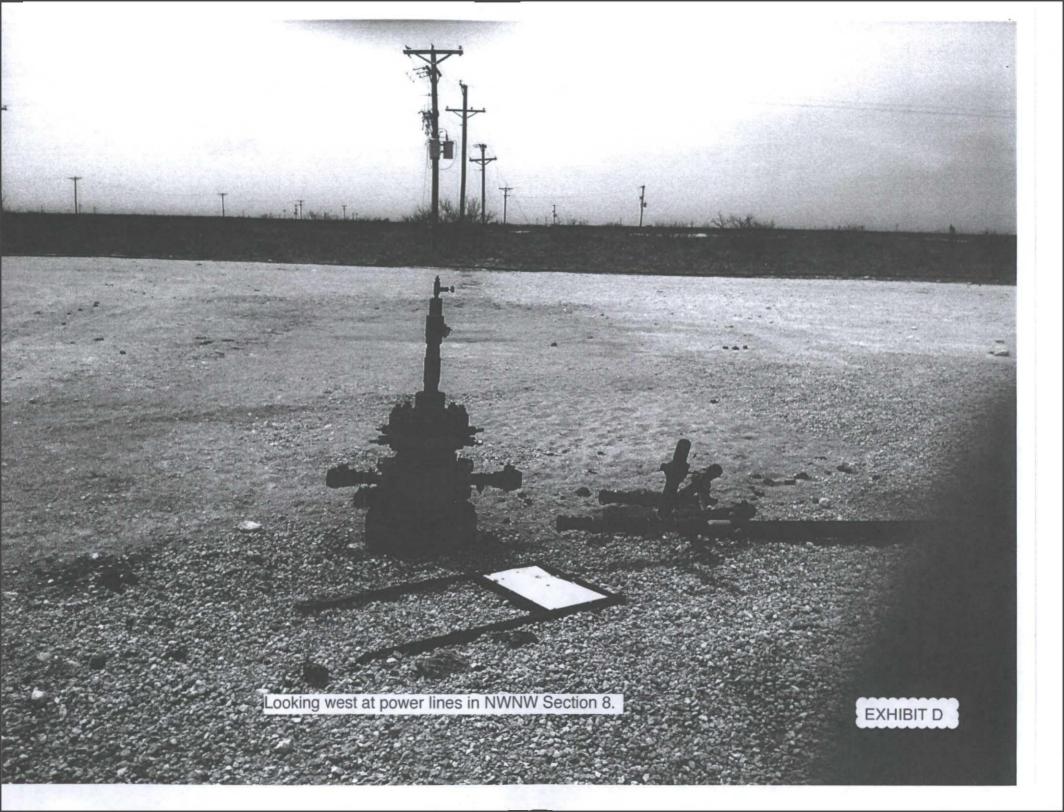
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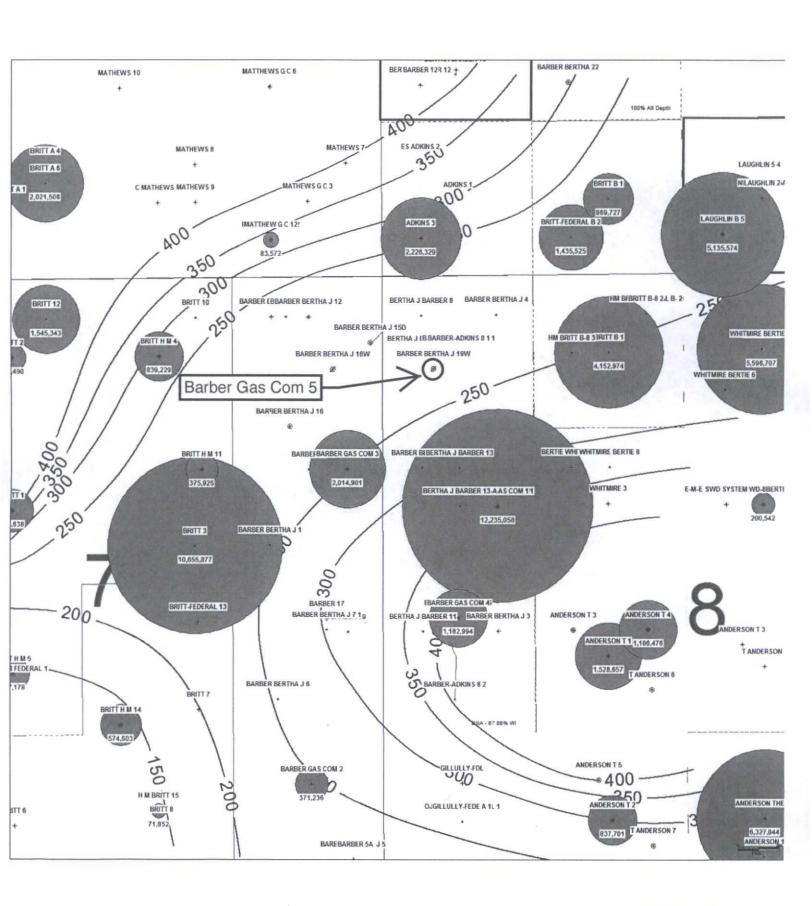
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16 •••	415.		17 OPERATOR CERTIFICATION I hereby certify that the information constituted herein is time east complete to the best of my knowledge and belief, and that this onywhethen either owns a working butters or sukcased whereal between the the knowledge the proposed bottom hole becation or has a right to drill this well on title location promoted to a contract with on owner of such a subsend or neeting between, or to a whether produce agreement or a congruisory pooling order herepoling metered by the firthese.
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			18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual sturyeys made by me or under my supervision, and that the same is true and correct to the best of my belief.
- //	ar G		Date of Survey Signature and Seal of Professional Surveyor: Certificate Number



Submit I Copy Office	To Appropriate Distric	٠,	ate of New Me			Form C-103	
District [- (575	5) 393-6161 Dr., Hobbs, NM 88240	Energy, Minerals and Natural Resources			WELL APIN	Revised July 18, 2013	7
District II - (57	5) 748-1283	OIL CONSERVATION DIVISION			30-025-41268	<u> </u>	1
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Conditions of	Approval (if any):						











June 22, 2015

Ann D. Allison P. O. Box 2781 Roswell NM 88202

Dear Interest Owner:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL), special dedication (SD), and increased density for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying for administrative approval for its Barber Gas Com 5 gas well (30-025-41268). Minimum state distance for such a gas well is 660' from a quarter section line. The well is 245' further west than is standard (see attached application). Thus, it is a nonstandard location. The NSL is due to land uses (wells, power lines, pipelines, and other infrastructure).

Well Name: Barber Gas Com 5 (fka Bertha J. Barber 19) TD: 3,950'

Proposed NSL Zone: Eumont; Yates – 7 RVRS – Queen (Gas) (pool 76480)

NSL Acreage Dedication: 320 acres (E2E2 Section 7 & W2W2 Section 8, T. 20 S., R. 37 E., Lea County,

NM) on fee lease Bertha J. Barber

Location: ≈2 air miles southwest of Monument, NM at 820 FNL & 415 FWL 8-20s-37e

Applicant Name: Apache Corporation (432) 818-1039

Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

<u>Submittal Information</u>: Application for a nonstandard location and special dedication will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

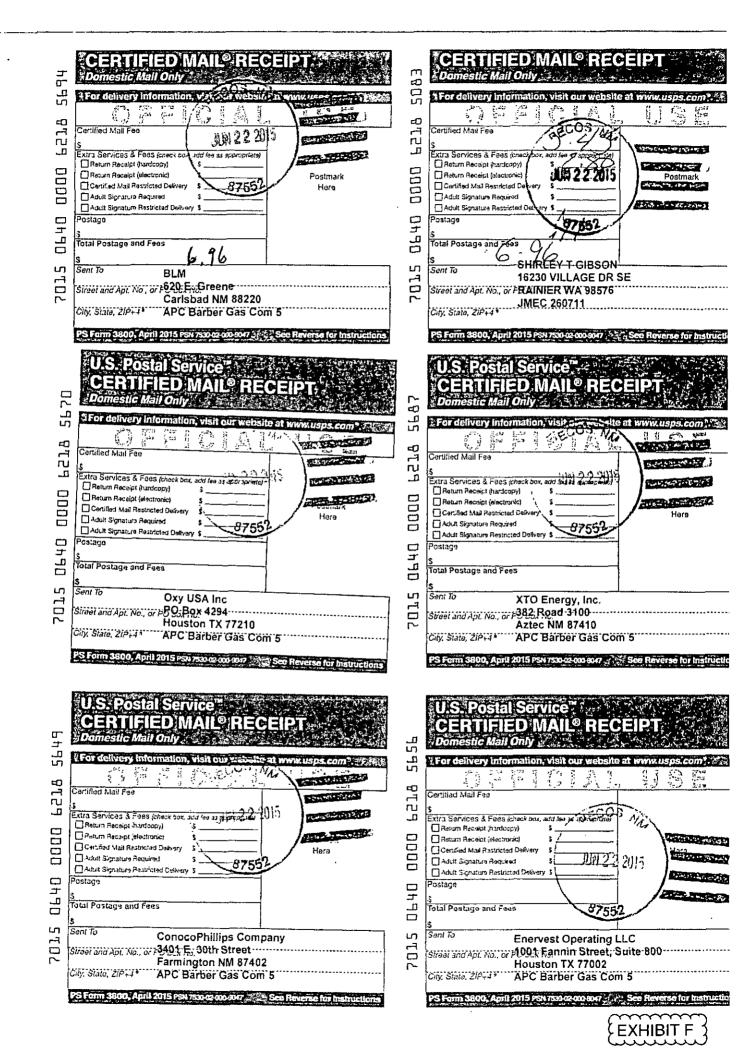
Please call me if you have any questions.

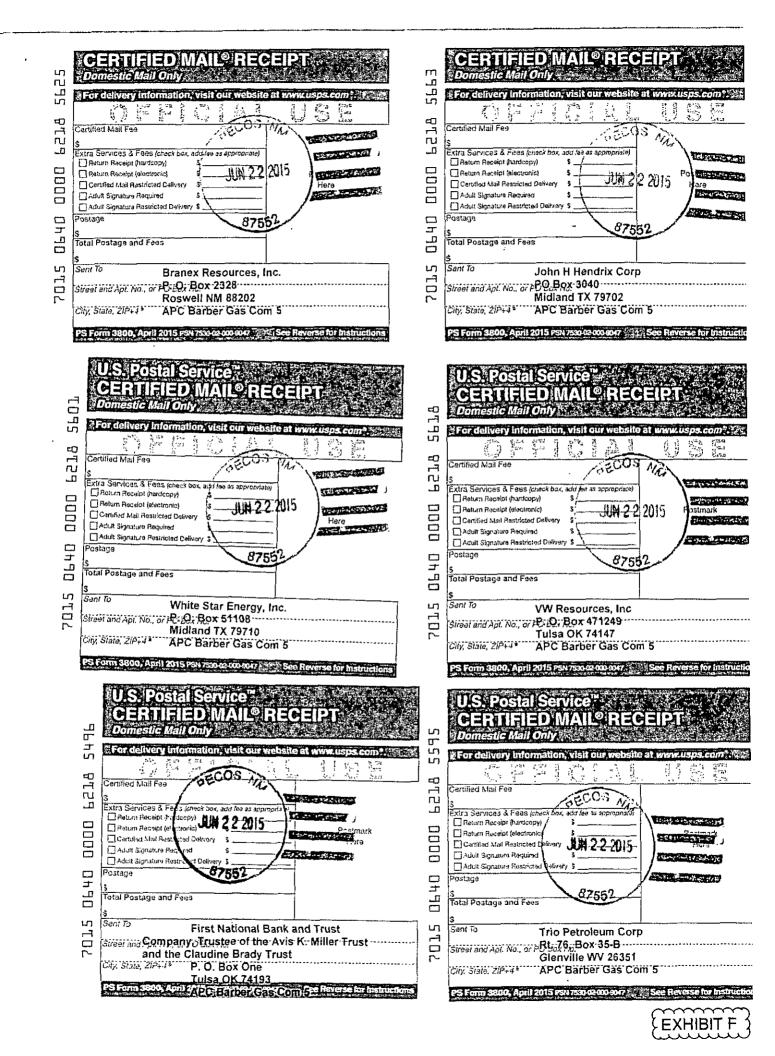
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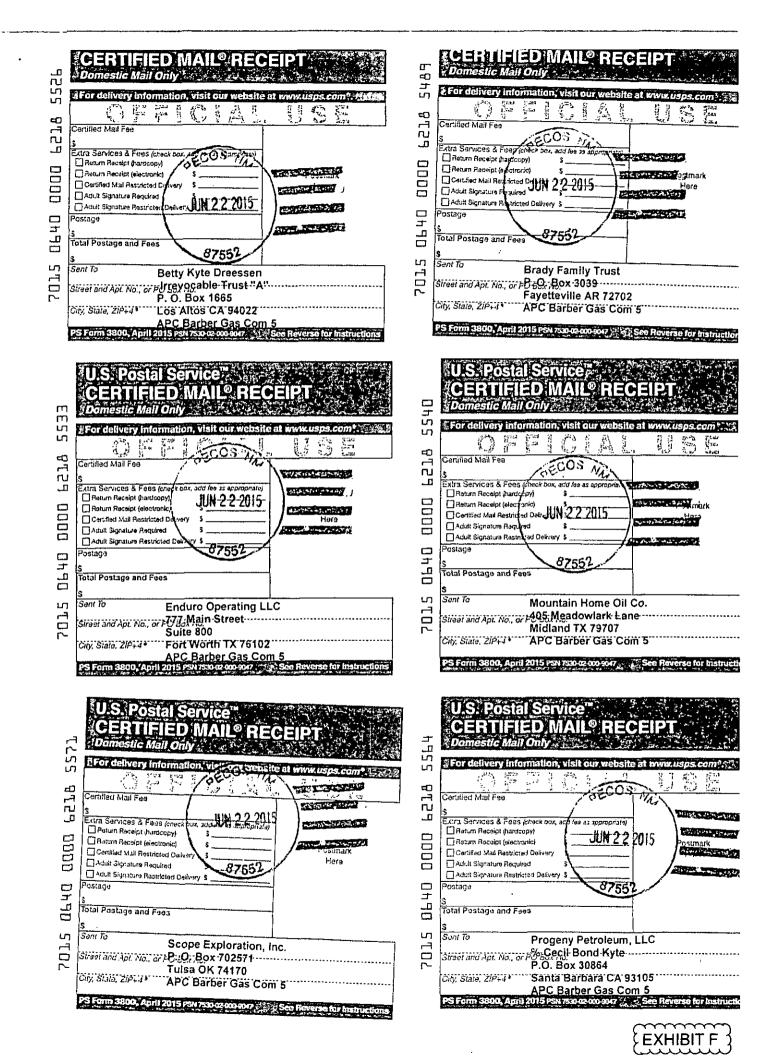
Brian Wood

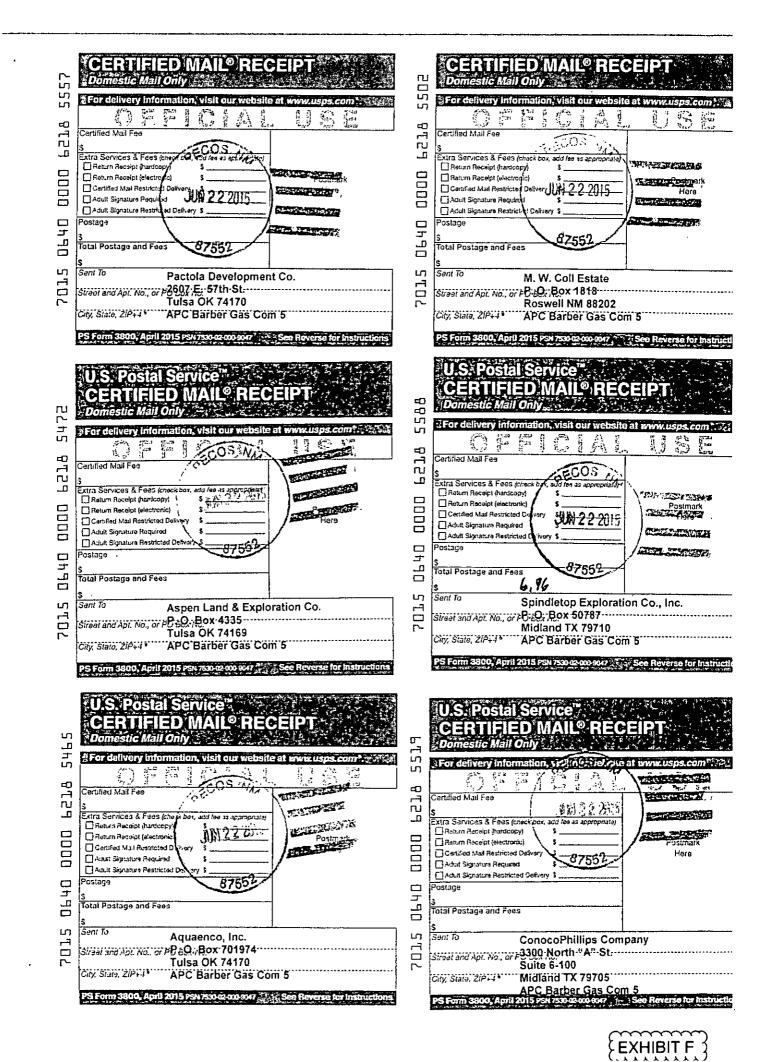
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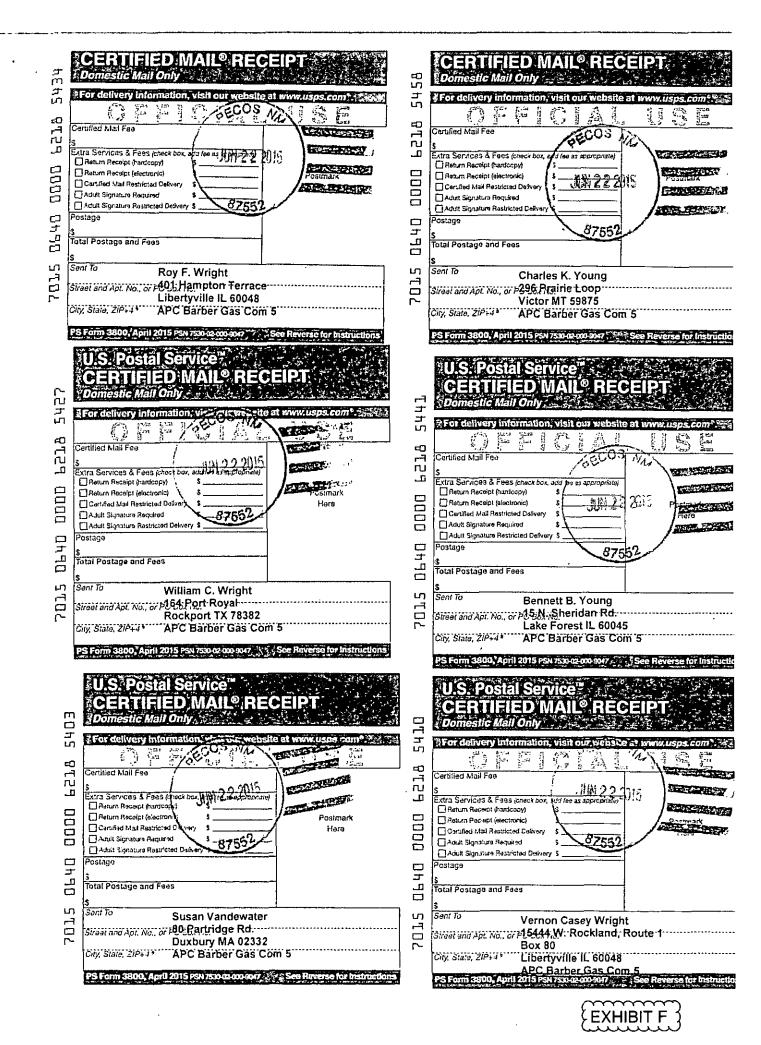


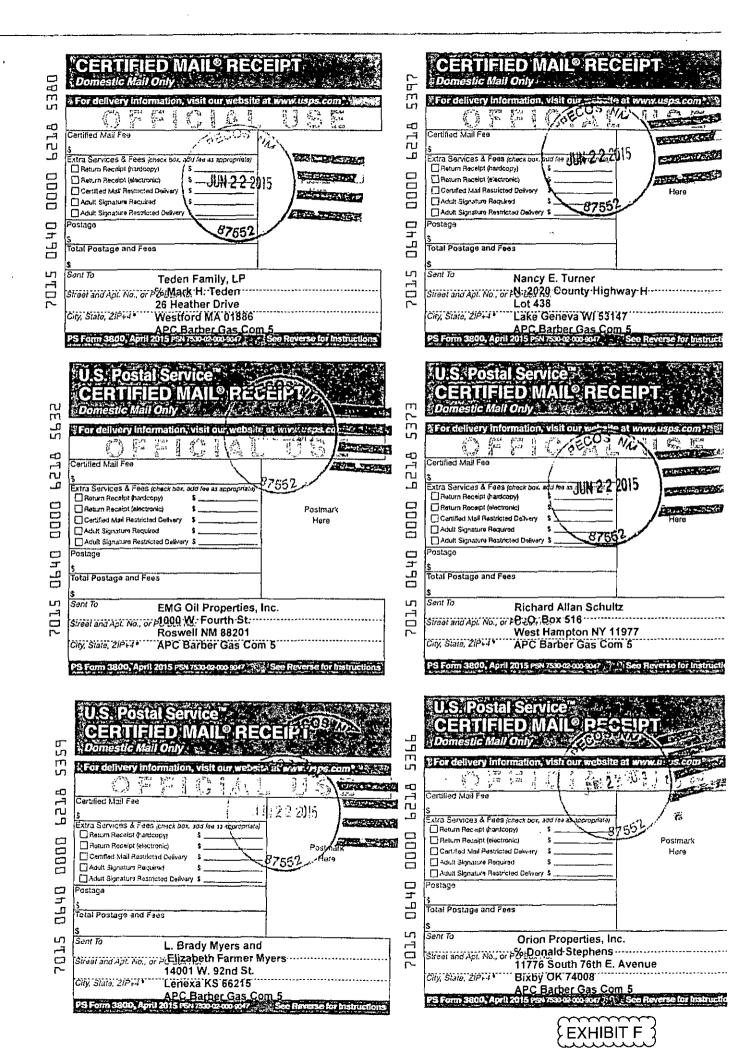








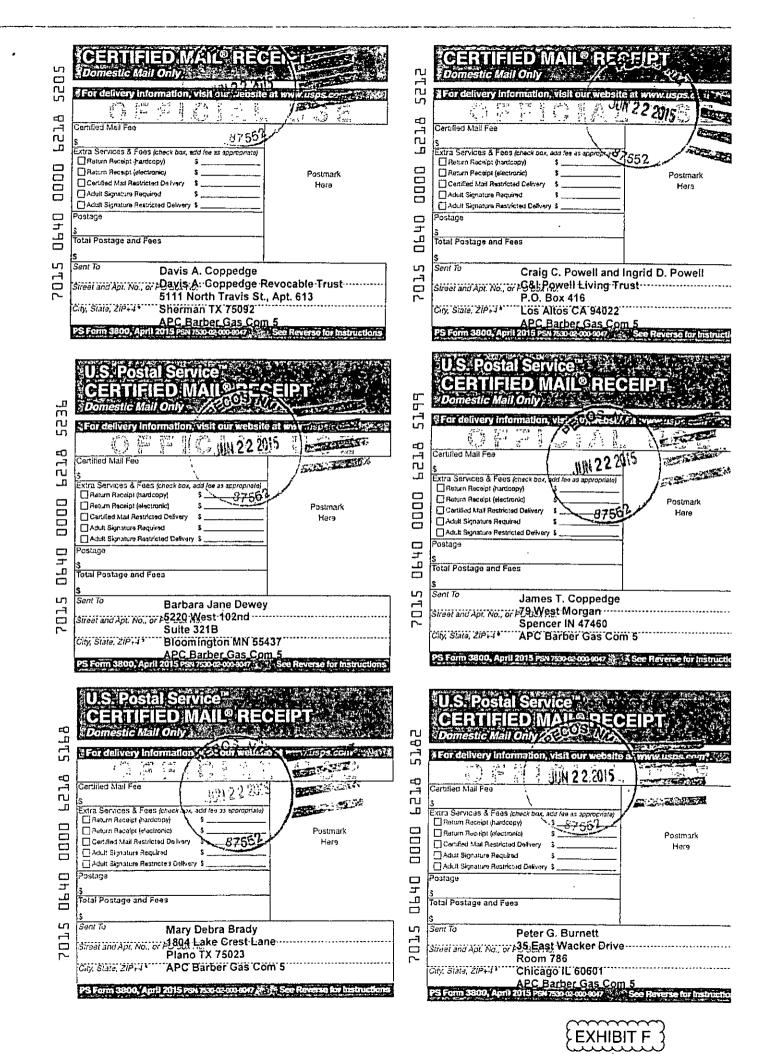


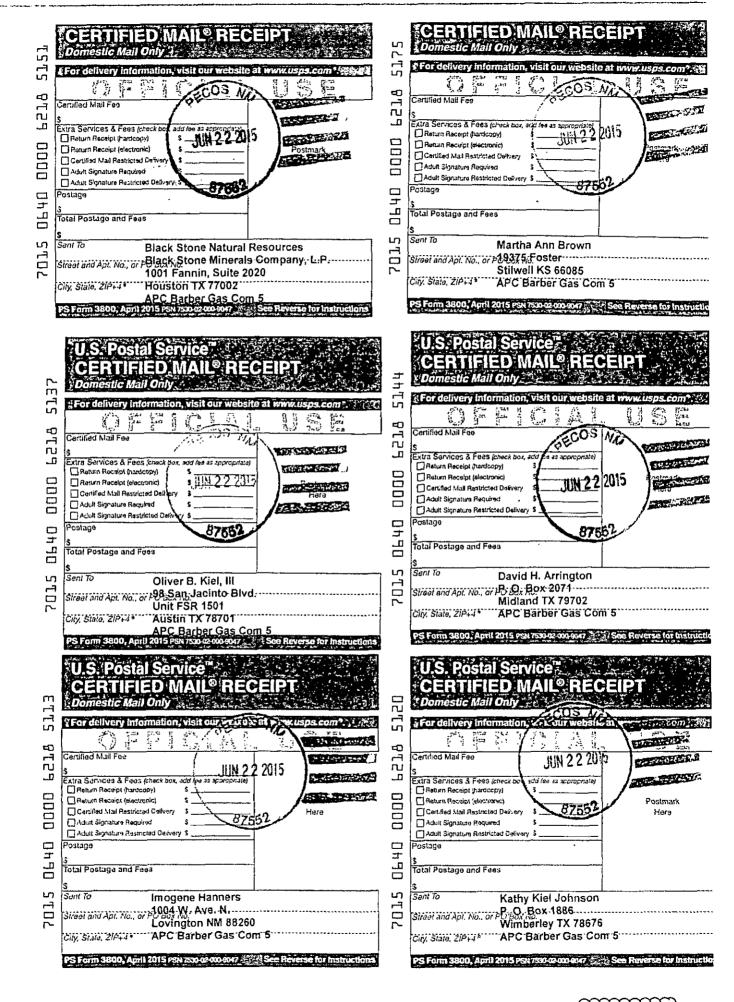


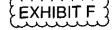
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	City, State, 2IP+13 Houston TX 77019 APC Barber Gas Com PS Form 3800, April 2015 PSN 7500 0000007	5 See Reverse for Instructions	- 1	City, Siale, ZiP+4 APC Barber Gas Com 5 PS Form 3800, April 2015 PSN 7530-02-000 SOVE F: 5 See Reverse for Instru	
317	U.S. Postal Service CERTIFIED MAIL® REC Domestic Mail Only		5328	U.S. Postal Service DECEIPE Domestic Mail Only For delivery information, visit our wet site at www.usps.is.iii	
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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. 12563 ORDER NO. R-8170-P

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR TERMINATION OF GAS PRORATIONING IN THE JALMAT AND EUMONT GAS POOLS AND TO AMEND THE SPECIAL RULES GOVERNING BOTH POOLS, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 12, and September 6, 2001, at Santa Fc, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of December, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of this case and its subject matter.
- (2) The Jalmat Gas Pool and the Eumont Gas Pool are currently classified by the Division as "prorated" gas pools and are subject to the following special rules and procedures:
 - (a) the "Special Rules and Regulations for the Jalmat Gas Pool" and the "Special Rules and Regulations for the Eumont Gas Pool," as promulgated by Division Order No. R-8170, as amended;
 - (b) the general rules for gas proration as contained in Division Rules 601 through 605;
 - (c) Division Rule 104.F., revised by Division Order No. R-11231, issued by the New Mexico Oil

<u>A GAS WELL</u> in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OH. WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Jalmat Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

RULE 2. ACREAGE ASSIGNMENT:

- (A) A standard gas spacing unit in the Jalmat Gas Pool shall be 640 acres, more or less, and shall comprise a single governmental section.
- (B) A standard oil spacing and proration unit in the Jalmat Gas Pool shall be 40 acres, more or less, and shall comprise a single governmental quarter-quarter section or lot.
- (C) Acreage dedicated to a gas well in the Jalmat Gas Pool shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool, and the dual completion of a well so as to produce oil from the Yates formation and oil from the Seven Rivers or Queen formation is prohibited.

RULE 3. WELL DENSITY AND LOCATION:

(A) Well Location:

- (1) An oil well in the Jalmat Gas Pool shall be located no closer than 330 feet to any governmental quarter-quarter section line or subdivision inner boundary.
- (2) A gas well in the Jalmat Gas Pool shall be located no closer than: (a) 660 feet to any outer boundary of its assigned gas spacing unit; (b) 660 feet to any governmental quarter section line; and (c) 330 feet to any governmental quarter-quarter section line or subdivision inner boundary.
- (B) For any 40-acre, more or less, oil spacing and proration unit within the Jalmat Gas Pool, no more than one well shall be allowed. Only those 40-acre oil spacing and proration units committed to active secondary recovery projects shall be permitted more than one well. Otherwise, an exception to this rule will require a hearing.

- (C) For any gas spacing unit, either standard or otherwise, the number of wells allowed shall be limited to no more than one well per 160 acres. For either a standard or non-standard 640-acre unit, a maximum of four wells shall be allowed, provided that no more than one well shall be allowed to occupy any one of the four quarter sections. For a non-standard 480, 320 or 160-acre unit, a maximum of three wells, two wells, or one well, respectively, shall be allowed, provided that no more than one well shall be allowed to occupy each quarter section that comprises the unit.
- (D) In no event shall any Jalmat gas spacing unit be allowed more than one well per quarter-quarter section.

RULE 4. ADMINISTRATIVE EXCEPTIONS:

- (A) The Division Director may grant an administrative exception to the well location requirements of Rule 3(A) above, without hearing, when the exception is necessary to prevent waste or protect correlative rights, so long as:
 - (1) an application has been duly filed under the provisions of Division Rule 104.F; and
 - (2) the applicant presents proof of consent of or notice to all operators of any unit or units adjacent to the gas spacing unit in which the well is located and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).
- (B) The Division Director may grant an administrative exception to the gas well density provisions of Rule 3(C) above, or may administratively approve the formation of a non-standard gas spacing unit that will result in a well density of more than one well per 160 acres, so long as the operator presents sufficient engineering, geologic, reservoir drainage and other applicable evidence that demonstrates:
 - (1) the proposed well is necessary (a) to effectively and efficiently drain a 160-acre quarter section that cannot be adequately drained by the existing well or wells, or (b) to adequately protect the subject unit from offsetting drainage, or (c) to prevent waste by utilizing an existing or previously abandoned wellbore, or (d) to recover additional reserves that would otherwise not be recovered from the reservoir;
 - (2) the proposed well will not violate correlative rights; and

(3) the applicant has obtained consent of or given notice to all operators of any unit or units adjacent to the gas spacing unit requiring the well density exception and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).

(C) Non-Standard Gas Spacing Units:

(1) The Director may establish non-standard gas spacing units in the Jalmat Gas Pool as follows:

(a) Units that comprise complete quarter sections:

The Director may administratively grant an exception to the requirements of Rule 2(A) above to establish a single 160-acre, more or less, non-standard spacing unit comprising a single quarter section, or a 320-acre, 480-acre, or 640-acre, more or less, non-standard gas spacing unit that consists of two, three, or four complete quarter sections that share a common bordering side, without a hearing, so long as the applicant presents proof of consent of or notice to all operators of any unit or units adjacent to the proposed non-standard spacing unit and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4 (D).

(b) <u>Units that involve partial quarter sections regardless of size (up to 640 acres):</u>

The Director may administratively grant an exception to the requirements of Rule 2(A) above to establish a non-standard gas spacing unit containing legal subdivisions smaller than a quarter section [quarter-quarter section(s) or lots] without a hearing provided that:

- (i) the non-standard spacing unit consists of quarter-quarter sections or lots that share a common bordering side; and
- (ii) the applicant presents proof of consent of or notice to all offset operators of any unit or units adjacent to the proposed non-standard spacing unit and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).

- (2) Applications for non-standard gas spacing units shall include:
 - (a) a detailed explanation of the necessity for requesting the proposed non-standard gas spacing unit;
 - (b) a land plat that identifies the non-standard gas spacing unit being sought and identifies all existing Jalmat gas wells contained within the acreage;
 - (c) information concerning any old well within the proposed unit that once had Jalmat production, either oil or gas (well name and number, operator, last acreage dedication, plugging date and cumulative oil and gas production, and any applicable Division order granting an exception to any Jalmat rule);
 - (d) a land plat that clearly shows all existing Jalmat oil and gas spacing units that directly offset the proposed non-standard unit and, if available, reference to all orders approving such non-standard gas spacing units;
 - (e) for a non-standard Jalmat gas spacing unit that contains partial quarter sections, a land plat must be submitted that clearly depicts the acreage and mineral interests that will be excluded from the unit within the quarter section and that are not committed to any other Jalmat gas or oil spacing unit; the plat shall identify the owners of such mineral interests by name, address (if known) and percentage;
 - (f) geological and technical information required by Rule 4(B), if applicable; and
 - (g) proof of compliance with applicable consent or notice provisions of Rule 4.
- (D) With reference to any exception that may be granted administratively without hearing as provided by any provision of this Rule 4:
 - (1) any required proof of consent shall be evidenced by written waivers setting forth the substance of the exception sought and expressly consenting thereto, and signed by the person whose consent is required by the applicable provision of this Rule;

- (2) any required notice shall be given in the manner provided in Rule 1207 (B), except that in lieu of stating the time and place of hearing, such notice shall state that the exception sought may be granted without hearing unless a protest is filed with the Santa Fe office of the Division within twenty (20) days after the filing of the application and proof of notice with the Division. An affidavit shall be filed with the application setting forth the information required by Rule 1207 (C) with respect to any persons required to be notified by the applicable provision of this Rule from whom written waivers are not furnished:
- (3) if an application is supported by written waivers as provided in Rule 4(D) (1) from all persons whose consent is required and an affidavit attesting that the persons whose waivers are attached are all of the persons whose consent is required, the Director may grant the application without further notice or hearing; and
- (4) if an application is supported by proof of notice as provided in Rule 4(D) (2), the Director may grant the application without hearing if no protest is filed with the Division within twenty (20) days after the date of filing of the application and proof of notice.
- (E) The Division Director may set for hearing any application that was filed for administrative approval. If a protest is filed as to any such application as provided in Rule 4(D), such application shall be denied or set for hearing, in the discretion of the Director.

RULE 5. WELL TESTING:

(A) Gas-liquid ratio tests: The operator of each newly completed well shall conduct a gas-liquid ratio test on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production. Semi-annual gas-liquid ratio tests shall be conducted on all wells during each year in accordance with a test schedule prepared by the Hobbs district office of the Division. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Any well that is shut-in shall be exempt from the gas-liquid ratio test requirement so long as it remains shut-in. Gas-liquid ratio tests shall be conducted for 24 hours, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of each test shall be filed on Division Form C-116 on or before the tenth day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Hobbs district office of the Division a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the

test schedule shall also be furnished to all offset operators. The supervisor of the Hobbs district office may grant an exception to the above well-test requirements where it is demonstrated that the well produces no liquids. Special gas-liquid ratio tests shall also be conducted at the request of the Division and may also be conducted at the option of the operator. Such special gas-liquid ratio tests shall be conducted in accordance with the procedures outlined hereinabove, including notification to the Division and offset operators.

(B) An initial shut-in pressure test shall be conducted on each gas well and shall be reported to the Division on Form C-125.

RULE 6. MISCELLANEOUS:

- (A) Oil wells in the Jalmat Gas Pool shall receive oil and casinghead gas allowables as provided in Division Rules 503, 505, and 506.
- **(B)** All existing exceptions, whether granted administratively or through hearing, in effect on the issuance date of this order shall be "grandfathered" and shall remain in full force and effect until further notice.
- (5) Jurisdiction is hereby 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

LORI WROTENBERY

Director

SEAL

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 875 Order No. R-637

THE APPLICATION OF SINCLAIR OIL AND GAS COMPANY FOR APPROVAL OF A 280-ACRE NON-STANDARD GAS PRORATION UNIT CONSISTING OF THE E/2 E/2 OF SECTION 7 AND THE W/2 NW/4, NW/4 SW/4 OF SECTION 8, TOWN-SHIP 20 SOUTH, RANGE 37 EAST, NMPM, LEA COUNTY, NEW MEXICO, TO BE ASSIGNED TO APPLICANT'S B. J. BARBER WELL NO. 7 FOR GAS PRORATION PURPOSES IN THE EUMONT GAS POOL, AND FOR THE ESTABLISHMENT OF A 320-ACRE UNORTHODOX GAS PRORATION UNIT CONSISTING OF THE E/2 E/2 OF SECTION 7, AND THE W/2 W/2 OF SECTION 8 UPON SUCCESSFUL COMPLETION OF UNITIZATION NEGOTIATIONS BETWEEN APPLICANT AND THE STANOLIND OIL AND GAS COMPANY.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 20, 1955, at Santa Fe, New Mexico before the Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 18 day of May, 1955, the Commission, a quorum being present, having considered the record and testimony adduced, and being fully advised in the premises,

FINDS:

- (1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.
- (2) That the Commission has the power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.
- (3) That applicant, Sinclair Oil and Gas Company, is the owner of oil and gas leases in Lea County, New Mexico, which leases cover land consisting of other than a legal section, and described as follows:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM E/2 E/2 of Section 7; W/2 NW/4 and NW/4 SW/4 of Section 8

containing 280 acres, more or less.

. <u>:</u> -2-Order No. R-637

(4) That Stanolind Oil and Gas Company is the owner of an oil and gas lease in Lea County, New Mexico, which lease covers land consisting of other than a legal section, and described as follows:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM SW/4 SW/4 of Section 8

containing 40 acres, more or less.

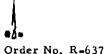
- (5) That applicant, Sinclair Oil and Gas Company, has a producing gas well on the aforementioned lease, which well is known as Sinclair Oil and Gas Company's B. J. Barber Well No. 7, located 990 feet FWL and 1650 feet FNL of Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.
- (6) That aforesaid well is located within the horizontal limits of the Eumont Gas Pool as presently defined.
- (7) That aforesaid well, completed as an oil well in the Monument Pool in June 1937, has been reclassified as a gas well in the Eumont Gas Pool by virtue of a Commission determination dated June 12, 1950, which date precedes the effective date of Order R-520.
- (8) That it is practical to pool applicant's aforesaid lease with adjoining acreage in said Section 8, and that negotiations are currently under way between the Sinclair Oil and Gas Company and the Stanolind Oil and Gas Company to effect the unitization of their respective leaseholds as described above.
- (9) That it is impractical to pool applicant's aforesaid lease and/or that lease owned by Stanolind Oil and Gas Company with adjoining acreage in Sections 7 or 8, and that the owners of adjoining acreage have not objected to the formation of the proposed unit.
- (10) That acreage to be included in the proposed proration unit, before or after the successful conclusion of unitization negotiations, is reasonably presumed to be productive of gas from the Eumont Gas Pool.
- (11) That unless a proration unit consisting of applicant's aforesaid acreage, or of applicant's aforesaid acreage and that 40-acre tract owned by Stanolind Oil and Gas Company, is approved and assigned to applicant's B. J. Barber Well No. 7, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.
- (12) That the creation of a proration unit as described above and the assignment of said unit to the well identified above will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas proration unit consisting of the following described acreage is hereby created.

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM E/2 E/2 of Section 7
W/2 NW/4, NW/4 SW/4 of Section 8

containing 280 acres, more or less.



- (2) That, for the purposes of gas proration, the acreage included in said unorthodox gas proration unit is hereby assigned to Sinclair Oil and Gas Company's B. J. Barber Well No. 7, which well is located 990 feet FWL and 1650 feet FNL of Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, and that said well shall be granted an allowable in accordance with the Eumont Gas Pool rules, in the proportion that 280 acres bears to the acreage included in a standard or orthodox proration unit for the Eumont Gas Pool, all until further order of the Commission.
- (3) That, upon the successful conclusion of unitization negotiations now pending between applicant and the Stanolind Oil and Gas Company, an unorthodox gas proration unit consisting of the following described acreage shall be created;

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM E/2 E/2 Section 7; W/2 W/2 of Section 8

containing 320 acres, more or less.

- (4) That, for the purposes of gas proration, the acreage included in said unorthodox gas proration unit shall be assigned to Sinclair Oil and Gas Company's B. J. Barber Well No. 7, which well is located as heretofore described.
- (5) That said well shall be granted an increased allowable dating from the first day of the month next following that month in which the Commission is formally notified in writing of the unitization of the 320-acre tract described above, and that the allowable granted shall be in the proportion that 320 acres bears to the acreage included in a standard or orthodox promation unit for the Eumont Gas Pool, all until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

SEAL

STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

November 13, 1990

ARCO Oil & Gas Company P.O. Box 610 Midland, TX 79702

Attention: Josh C. Fu, Engineer

Administrative Order SD-90-1

Dear Mr. Fu:

Per your letter dated November 2, 1990, you are hereby authorized to simultaneously dedicate Eumont Gas Pool production to the previously approved non-standard 320-acre gas spacing and proration unit comprising the E/2 E/2 of Section 7 and the W/2 W/2 of Section 8, both in Township 20 South, Range 37 East, NMPM, Lea County, New Mexico (Division Order R-637, dated May 18, 1955), to the existing Barbar Gas Com Well No. 1 located 1650 feet from the North line and 990 feet from the West line (Unit E) of said Section 8 and to your Bertha J. Barbar Well No. 20 (Barbar Gas Com Well No. 2) located at a standard gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of said Section 8.

Further, you are hereby permitted to produce the allowable from both wells on the proration unit in any proportion.

Sincerely,

William J. LeMay

Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs