



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

GARREY CARRUTHERS
GOVERNOR

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SANTA FE, NEW MEXICO 87504
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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

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 18th. 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.

(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.

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(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, and 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,

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and that the allowable granted shall be in the proportion that 320 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.

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

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Order No. R-637

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

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