

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:

APPLICATION OF GILLESPIE-CROW,
INC. FOR UNIT EXPANSION, ETC.,
LEA COUNTY, NEW MEXICO.

FEB 15 1997
M.S.
Oil Conservation Division

CASE NO. 11,724

MOTION TO RESTRICT PRODUCTION PENDING HEARING

Gillespie-Crow, Inc. ("GCI"), the operator of the West Lovington Strawn Unit ("WLSU"), moves the Division for an order restricting production from (i) the State "S" Well No. 1, located in the W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 34, and (ii) the Chandler Well No. 1, located in the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 28, both in Township 15 South, Range 35 East, NMPM, pending a hearing in this case, and in support thereof, states:

1. The application filed by GCI herein requests, among other things, that the WLSU be expanded to include the well units for the above-described wells. A hearing in this case was set for February 20, 1997. However, applicant has been informed that Yates Petroleum Corporation ("Yates") and Hanley Petroleum, Inc. ("Hanley"), interest owners in the expanded unit area, have requested that (a) a subpoena be issued by the Division requiring the production of certain data by GCI,¹ and (b) the hearing be continued.

2. Because of the subpoena, and the potential need for a

¹GCI has not yet seen the subpoena.

hearing and decision by the Division limiting or quashing the subpoena, applicant acquiesces in a short continuance. However, applicant requests that, during the period this case is continued, oil production from the State "S" Well No. 1 be reduced to 200 BOPD, and total fluid production (oil and water) from the Chandler Well No. 1 be restricted to 300 barrels/day, for the reasons described below:

(a) The WLSU is a secondary recovery unit with a gas injection pressure maintenance project. Wells in the unit are subject to production restrictions to prevent harm to the reservoir. The wells in the unit are currently producing approximately 200 BOPD/well.

(b) In Case No. 11,599, GCI sought to restrict production from wells outside the unit, but which are completed in the same Strawn reservoir in which unit wells are completed, to a maximum rate of 250 BOPD. Case No. 11,599 was heard by the Division on October 3, 1996, but no decision has yet been issued.

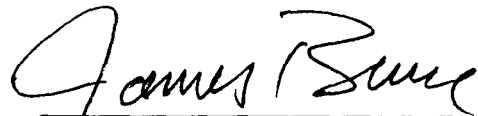
(c) The State "S" Well No. 1 and the Chandler Well No. 1 are completed in the same Strawn reservoir from which WLSU wells are producing.

(d) Without the requested production restrictions, non-unit wells benefit unfairly from the pressure maintenance project without having to pay a portion of its costs. Moreover, the reservoir may be damaged by excessive production pending unit expansion.

(e) The parties to the unit expansion have been negotiating on expansion for over a year, without agreement. The continuance requested by Yates and Hanley gives the interest owners in the State "S" Well No. 1 and the Chandler Well No. 1 the benefit of continued production² without paying a share of WLSU operating costs.

3. The last available data for the subject reservoir is from August 1996. GCI has provided or will provide to Yates and Hanley all available pressure data, well data, logs, etc. (except seismic data) on wells within the WLSU. Based thereon, a delay in the hearing only benefits Yates and Hanley, to the detriment of WLSU interest owners.

WHEREFORE, GCI requests that the Division enter an order limiting production from the State "S" Well No. 1 to 200 BOPD, and limiting production from the Chandler Well No. 1 to 300 barrels of fluids (oil and water) per day, effective February 20, 1997, until a decision is issued in Case No. 11724.



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²The State "S" Well No. 1 is capable of top allowable production (445 BOPD). Production from both wells has not declined due to pressure support from the WLSU pressure maintenance project.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent via facsimile transmission this 18th day of February, 1997 to each of the following persons:

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