

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

IN THE MATTER OF THE APPLICATION
OF ARCO PERMIAN, A UNIT OF ATLANTIC
RICHFIELD, FOR RESCISSION OF
ORDER NO. R-4808-A AND ADOPTION
OF SPECIAL RULES AND REGULATIONS
FOR THE RIVERWOLF UNIT INCLUDING
SPECIAL ALLOWABLE PROVISIONS,
EDDY COUNTY, NEW MEXICO.

CASE NO. 1126

APPLICATION

ARCO PERMIAN, A UNIT OF ATLANTIC RICHFIELD, ("ARCO"), hereby makes application for an order rescinding Division Order No. R-4808-A and promulgating Special Rules and Regulations for the ARCO Riverwolf Unit including special allowable provisions, and in support of this application states:

1. ARCO is the operator and only working interest owner in the Riverwolf Unit (formerly the Citgo Empire Abo Unit).
2. This unit was approved by Division Order No. R-4791 in Case No. 5212 dated May 28, 1974 and includes the following described acreage.

TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.

Section 35: SE/4, S/2 SW/4, NE/4 SW/4

TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.

Section 2: NW/4 NE/4, NE/4 NW/4, SE/4 NE/4

3. Pressure maintenance operations by gas injection were conducted in the unit from 1975 through 1988.

4. In 1988 gas injection ceased in the unit and, following a period in which only small volumes of gas were produced to maintain the unit, in 1989 unit gas was sold instead of being reinjected.

5. In 1991, the Division entered Order No. R-4808-A which rescinded Order No. R-4808 that originally authorized pressure maintenance. This order also provides that the unit be operated under statewide rules with a top daily oil allowable for 40-acre units of 142 barrels of oil per day and a top daily gas limit of 284 MCF.

6. This unit is surrounded by and contiguous with the boundaries of the ARCO operated Empire-Abo Unit. Since ARCO now operates both units, changes in the allowable limits for the Riverwolf Unit will enable ARCO to implement production practices which prevent waste in this reservoir and does not impair correlative rights.

7. At present the wells in the Riverwolf Unit are authorized to produce 1,704 MCF per day (six wells on 40-acre tracts multiplied by the 284 MCF per day gas allowable). The Empire Abo Unit is consuming approximately 14,000 MCF per day through lease and plant fuel and shrinkage. Accordingly, 11% of the gas being removed from the Abo formation in this area is produced from the Riverwolf Unit.

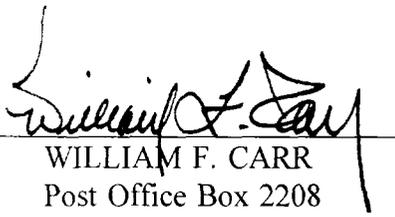
8. ARCO requests the adoption of a new allowable limit for the Riverwolf Unit equal to 1,704 MCF per day and provisions which permit the allowable to be produced in any proportion by any well in the unit.

9. Approval of this application will result in more efficient production practices in this reservoir, will prevent waste and will not impair correlative rights.

WHEREFORE, ARCO requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division and, after notice and hearing as required by law and the rules of the Division, the Division enter its order rescinding Order No. R-4808-A and adopting Special Pool Rules and Regulations for the Riverwolf Unit including special allowable limits.

Respectfully submitted,

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