

**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 SAPIENT ENERGY CORP. FOR  
AN UNORTHODOX WELL LOCATION, NON-STANDARD  
PRORATION UNITS AND SPECIAL POOL RULES  
FOR THE WEST MONUMENT-TUBB GAS POOL  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 12587**

OIL CONSERVATION DIV.  
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**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by SAPIENT ENERGY CORP., as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Sapient Energy Corp.  
8801 South Yale, Ste 150  
Tulsa, Okla 74137  
(918) 488-8988  
attn: Chuck Perrin

**ATTORNEY**

W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

**OPPOSITION OR OTHER PARTY**

Chevron USA Production Company  
Conoco Inc.

**ATTORNEY**

William F. Carr, Esq.

## STATEMENT OF CASE

Sapient Energy Corp. seeks approval by the Division:

- (a) of an unorthodox gas well location for its Bertha J. Barber Well No 12 ("Barber 12 Well") which is located at an unorthodox gas well location 330 feet from the north line and 660 feet from the east line of Section 7, T20S, R37E, Lea County, New Mexico;
- (b) to be dedicated to a non-standard 160-acre gas proration and spacing unit consisting of the E/2E/2 this section for production from the West Monument-Tubb Gas Pool **retroactive to the date of first production (September 9, 1999)**;
- (c) should the Division approve a non-standard 160-acre spacing and proration unit consisting of the E/2E/2 of Section 7, then the applicant seeks the approval of a second non-standard 160-acre proration and spacing unit consisting of the W/2E/2 of this section;
- (e) in the alternative, applicant requests that the Division adopt special rules and regulations for the West Monument-Tubb Gas Pool, including a provision for standard 80-acre spacing units.

## BACKGROUND

(1) By letter dated October 11, 2000, Chevron USA Production Company ("Chevron") filed an administrative application with the Division seeking approval of an unorthodox gas well location for its G. C. Matthews Well No. 12, 330' FSL & 990' FEL Unit P, Section 6, T20S, R37E, to be dedicated to a standard 160-acre gas spacing consisting of the SE/4 of this section for production from the West Monument-Tubb Gas Pool.

(2) Chevron sent notification of its application to Falcon Creek Resources, Inc. ("now Sapient Energy Corp.") as the offsetting operator of the Bertha J. Barber Well No. 12 ("the Barber 12 Well"), Unit A of Section 7, T20S, R37E, towards whom the Chevron well will encroach.

(3) On August 21, 1999, Cross Timber recompleted the Barber 12 Well from an oil well to a producing gas well in the Tubb gas formation.

(4) On January 6, 2000, in Case 12321, the Division issued Order R-11304 which approved the creation of the West Monument-Tubb Gas Pool, designated the E/2 of Section 7 as the acreage for the new pool and approved the Barber 12 Well as the discovery well for this pool.

(5) On April 1, 2000, Falcon Creek Resources, Inc. ("Falcon Creek") acquired the Bertha J. Barber Well No. 12 from Cross Timbers Operating Company ("Cross Timbers").

(6) On July 14, 2000, Sapient Energy Corp. ("Sapient") acquired this well from Falcon Creek.

(7) As a result of Chevron's application, Sapient has determined from an examination of the Division files the following:

(a) Cross Timbers filed a C-105 dated September 9, 1999, being a Tubb gas well recompletion report:

(b) Cross Timbers filed a C-102 dated September 9, 1999, showing an unorthodox Tubb gas well location and the dedication of a non-standard 160-acre spacing unit consisting of the E/2E/2 of Section 7;

(c) on September 20, 1999, the Division (OCD-Hobbs) approved Cross Timbers' C-103 to recomplete this oil well at an unorthodox gas well location in the Tubb formation with a 160-acre non-standard acreage dedication consisting of the E/2E/2 of Section 7;

(d) On April 14, 2000, the OCD-Hobbs approved Falcon Creek's C-104 (allowable request) which shows this well to be in the West Monument Tubb Gas Pool.

(8) Sapient relied upon the Division's approvals set forth in paragraph (7) above, and to now require Sapient to obtain further approvals for the unorthodox gas well location for this well will cause Sapient to be damaged and irreparably harmed.

(9) From the date of first production, Cross Timbers, Falcon Creek and now Sapient has paid and distributed proceeds from the Tubb formation production from the Barber 12 Well to the mineral owners in the E/2E/2 of this section.

### **FIRST RELIEF REQUESTED**

(10) In the event the Division concludes that the Division's prior approvals are inadequate because Cross Timbers failed to obtain all the necessary approvals from the Division for the unorthodox location, then Sapient requests Division approval for an unorthodox gas well location for its Bertha J. Barber Well No 12 ("Barber 12 well") which is located at an unorthodox gas well location 330 feet from the north line and 660 feet from the east line of Section 7, T20S, R37E, Lea County, New Mexico for production from the West Monument-Tubb Gas Pool **retroactive to the date of first production (September 9, 1999)**.

### **SECOND RELIEF REQUESTED**

(11) In the event the Division concludes that the Division's prior approvals are inadequate because Cross Timbers failed to obtain all the necessary approvals from the Division for the non-standard 160-acre proration and spacing unit for the Barber 12 Well consisting of the E/2E/2 of Section 7, then Sapient requests the approval of a non-standard 160-acre spacing unit consisting of the E/2E/2 of Section 7 for production from the West Monument-Tubb Gas Pool **retroactive to the date of first production (September 9, 1999)**.

(12) In the event the Division approves this request, then Sapient also requests the approval of a non-standard 160-acre spacing unit consisting of the W/2E/2 of Section 7.

### FIRST ALTERNATIVE RELIEF

(13) In accordance with Section 70-2-17 NMSA (1978), the Division

A. is required, so far as it is practicable to do so, afford to the owner of each property in a pool the opportunity to produce its just and equitable share of the oil or gas, or both, in the pool, being the amount, so far as can be practically determined, and so far as such can be practicably obtained without waste, **substantially in the proportion that the quantity of the recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas, or both, in the pool...** [emphasis added]

B. ...may establish a proration unit for each pool, such being the area that can be efficiently and economically drained and developed by one well...."

(14) Sapient requests that the Division adopt rules and regulations for the production of gas from the West Monument-Tubb Gas Pool including a provision for standard 80-acre gas spacing and proration units.

(15) Spacing units consisting of 80-acres formed as described in paragraph (15) above satisfy the statutory requirements set forth in Section 70-2-17 NMSA (1978).

### PROPOSED EVIDENCE

#### APPLICANT:

#### WITNESSES

#### EST. TIME EXHIBITS

Chuck Perrin (land)

30 min.

@ 16 exhibits

Bob VonRhee (geologist)

20 Min.

@ 4 exhibits

Kyle Travis (P.E.)


20 Min.

@ 5 exhibits

**PROCEDURAL MATTERS**

None anticipated at this time.

KELLAHIN AND KELLAHIN

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

By:

W. Thomas Kellahin

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Santa Fe, New Mexico 87504

(505) 982-4285