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*Case 4482*

*KH*

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

We enclose in triplicate application of The Petroleum Corporation for special pool rules due to a new discovery in the Strawn formation in its Petco State No. 1 well in Section 26, Township 19 South, Range 29 East, Eddy County. The writer discussed this matter with Dan Nutter over the telephone.

You will note in the application that we also request 160 acre spacing and proration units and a limiting GOR of 4,000 to 1, as well as an exception to permit disposal of produced salt water in an open pit.

It is my understanding that this matter will be included on the docket for the examiner's hearing to be held on January 6, 1971.

Yours sincerely,

HINKLE, BONDURANT, COX & EATON

By

*[Signature]*

CEH:cs

Enc.

cc: Larry Shannon

DOCKET MAILED

Date 12-22-70

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF THE PETROLEUM CORPORATION )  
FOR THE PROMULGATION OF SPECIAL FIELD )  
RULES ON A TEMPORARY BASIS BECAUSE OF )  
A NEW DISCOVERY MADE BY APPLICANT IN ITS )  
"PETCO STATE" NO. 1 WELL LOCATED IN UNIT )  
P, SECTION 26, TOWNSHIP 19 SOUTH, RANGE )  
29 EAST, EDDY COUNTY, IN THE STRAWN FOR- )  
MATION, SAID RULES TO INCLUDE A LIMITING )  
GAS/OIL RATIO OF 4,000 TO 1 AND 160 ACRE )  
SPACING AND PRORATION UNITS. APPLICANT )  
ALSO DESIRES TO DISPOSE OF PRODUCED SALT )  
WATER IN AN OPEN PIT. )

*Case 4482*

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes The Petroleum Corporation, whose address is 3303 Lee Parkway, Dallas, Texas 75219, acting by and through the undersigned attorneys, and hereby makes application for the promulgation of special field rules on a temporary basis because of a new discovery made by applicant in its "Petco State" No. 1 well located in Unit P, Section 26, Township 19 South, Range 29 East, Eddy County, New Mexico, in the Strawn formation, said rules to include a limiting gas/oil ratio of 4,000 to 1 and 160 acre spacing and proration units. Applicant also desires to dispose of produced salt water in an open pit. In support of this application, applicant respectfully shows:

1. On December 8, 1960 applicant completed its Petco State No. 1 well located in Unit P 660 feet from the east line and 760 feet from the south line of Section 26, Township 19 South, Range 29 East, N.M.P.M. Eddy County. Said well was completed in the Strawn formation at a total depth of 10,784 feet. The well was potentialized for 49 barrels of oil, 650 MCF of gas and 289 barrels of water, with a gas/oil ratio of 13,265. The well is producing through perforations from 10,655 to 10,659 feet.

2. Applicant believes that the new discovery is an edge well in a new Strawn field or pool, which could prove to be comparable to the Lusk-Strawn Pool. This is indicated by the porosity and permeability

in the Strawn formation found in the discovery well, which is comparable to that found in the wells drilled in the Lusk-Strawn Pool. Applicant is the owner of oil and gas leasehold interests under and in the immediate vicinity of the discovery well and intends to drill an additional well at a location which applicant believes will be higher structurally, but before drilling said well desires to test the discovery well for a reasonable period of time.

3. Applicant believes that it will be in the interest of conservation and the prevention of waste and the orderly future development of the new pool indicated by the discovery well that temporary pool rules be adopted by the Commission providing for 160 acre spacing and proration units and that further development will show conclusively that one well will effectively and efficiently drain 160 acres or more. Applicant further believes that such temporary special rules and regulations will prevent the possibility of economic loss resulting from the drilling of unnecessary wells and will permit the operators in the pool to gather information concerning the reservoir characteristics as well as protect correlative rights.

4. Applicant also seeks approval of a limiting gas/oil ratio of 4,000 to 1, which is the same gas/oil ratio as provided by the special pool rules for the Lusk-Strawn pool.

5. The discovery well is located in what is known as the potash area and there is no shallow fresh water in the area and applicant desires to dispose of produced salt water in an open pit as an exception to the applicable rules of the Commission.

6. Applicant desires that this matter be set down at the examiner's hearing scheduled for January 6, 1971.

Respectfully submitted,

THE PETROLEUM CORPORATION

By 

Member of the Firm of  
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