

BILL SELTZER
214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

February 17, 1995

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, New Mexico

ATTN: Mr. William LcMay

RE: Case No. 10280 (Re-opened)
Order No. R-9594-B

Gentlemen:

Referenced is hereby made to the Oil Conservation Division Order No. R-9594-B entered on January 24, 1995.

Petroleum Production Management, Inc. desires to appeal the above decision to the full Commission. We herewith file this application for a hearing *De Novo* and request the Commission to review the full records of the case and the letter addressed to the Oil Conservation Division dated December 30, 1994 from Mohajir and Associates, Inc., Overland Park, Kansas supporting our request and that the Special Rules and Regulations governing the Milnesand-Abo Pool in Roosevelt and Lea Counties, New Mexico, as promulgated by Division Order No. R-9594 and R-9594-A be made permanent.

Respectfully submitted,

Bill Seltzer
For Petroleum Production
Management, Inc.

To Michael Stoppel
Propose
Letter to
the
Commission
Bill Seltzer
877-7177

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MIDLAND, TEXAS 79701

February 17, 1995

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, New Mexico

ATTN: Mr. William LeMay

RE: Case No. 10280 (Re-o,
Order No. R-9594-B

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Respectfully submitted,

Bill Seltzer
For Petroleum Production
Management, Inc.

505 915 3177
MICHAEL J. Seltzer
Proposed
Letter
to
Commission
B.Y. Seltzer
915-697-2152

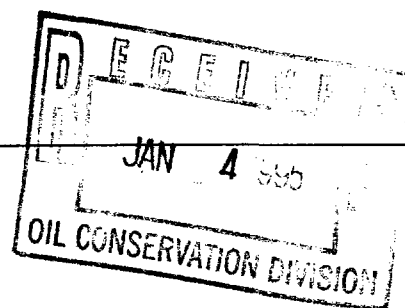


Mohajir & Associates, Inc.

An Oil & Gas Consulting Firm

G. H. "Nez" Mohajir, P.E.
Chairman and Chief Executive Officer

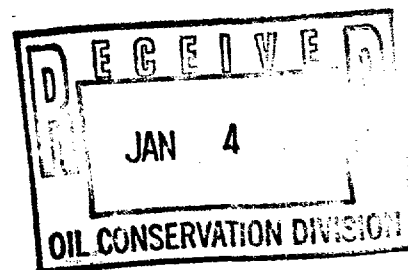
M. S.



December 30, 1994

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
Santa Fe, New Mexico 87505

Re: Case No. 10280
Order No. R-9594-A
Pool Rules for the Milnesand-Abo Pool
Lea & Roosevelt Counties, New Mexico



Dear Sirs:

Our client, Petroleum Production Management, Inc., has requested that we submit the following comments concerning the forthcoming review of Case No. 10280. Mohajir and Associates, Inc., on behalf of its clients, hereby requests that the temporary Special Rules and Regulations promulgated for the Milnesand-Abo Pool be made permanent. The temporary rules provide for the Milnesand-Abo Pool to be developed on 80 acre proration units instead of the standard 40 acre proration units.

During the fourteen month period since the last review in October, 1993, Petroleum Production Management, Inc. has not conducted any bottomhole pressure tests of the Abo formation. The cost of obtaining a bottomhole pressure point for one or both of these wells would be very high. The bottomhole pump and rods would have to be removed, the well shut-in for 72 hours, pressure bombs run in the hole and pulled out again, pump and rods reran and possibly a stimulation if the well does not return to full production. There will also be a loss of production during all this work.

However, Mohajir and Associates, Inc. has been conducting an extensive reservoir study of Petroleum Production Management, Inc.'s properties in New Mexico during the last few months. It is very apparent to us, based on decline curve analysis and volumetrics, that each of the Petroleum Production Management, Inc. wells will drain at least 78 acres and possibly as much as 146 acres. Attached to this letter are decline curves for the Will #3 well and the Will #4 Abo formation. Projected ultimate oil recovery from the Will #3 is 187,000 Bbls and the cumulative production to September 1994 was 95,576 Bbls. Ultimate recovery from the Abo formation in the Will #4 is expected to be 75,000 Bbls and the cumulative production to December 1994 was 45,497 Bbls. The average ultimate recovery per well is estimated to be 131,000 Bbls. Based on 9% porosity, 30% water saturation, and a formation volume factor of 1.36, the original oil in place in the Abo formation is 359 BO/Ac-ft. The two wells are expected to drain 89.8 BO/Ac-ft., equivalent to a recovery factor of 25%, which is very high for a solution gas drive reservoir. The wells on the Will lease will drain an average of 122.5 acres per well. The attached page outlines the general reservoir parameters used.

Drainage in the Milnesand-Abo Pool will be at least 80 acres per well or more. Development on less than 80 acre spacing per well will result in uneconomic drilling and will not result in any additional oil being produced for the State of New Mexico. In fact the opposite is likely to occur; 40 acre spacing will result in recoveries which do not support the cost of drilling a well. An operator who considers drilling an Abo well will have no assurance that an offset operator will not drill a 40 acre offset and compete with the original well for the same reserves.

In the event that the temporary rules are rescinded and the spacing in the Milnesand-Abo Pool becomes 40 acres once again, Petroleum Production Management, Inc. requests that those wells which are already producing from this field be assigned permanent 80 acre spacing to prevent possible economic loss resulting from the drilling of unnecessary wells. The current operators have a right to recover the production that there wells will drain from 80 acres which is the basis that they have been operating under for the last four years.

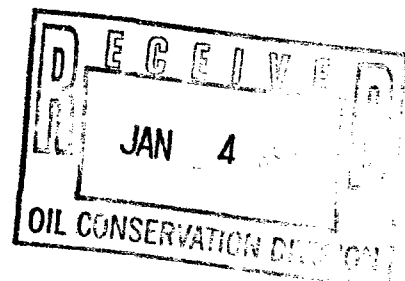
Being the operator of two Abo wells in the Milnesand-Abo Pool and with plans to drill additional wells in this area, Petroleum Production Management, Inc. wishes to emphasize that it requests that Special Rules and Regulations set up in October 10, 1991 and extended on November 18, 1993 be made permanent. If the Oil Conservation Division is not satisfied with our support data, Petroleum Production Management, Inc., if so desired, will present supportive data to the Division's satisfaction.

If you have any questions concerning the foregoing please contact the undersigned or M. B. Nattrass at 913-345-8070.

Yours very truly;
Mohajir and Associates, Inc.


G.H. "Nez" Mohajir, P. E.

MBN/



ATTACHMENT 1

Will Lease
S/2 Sec. 34-8S-35E,
Roosevelt County, New Mexico

O = 9% (density porosity)
Sw = 30%
Bo = 1.36 (average based on Federal 3-C (GOR - 456 and Will 3A (GOR - 1136)

OOIP = $\frac{7758(.09)(1 - .30)}{1.36}$
= 359.4 BO/Ac. ft.

Ultimate Recovery - Will #3A = 187,000 Bbls
Will #4 = 75,000 Bbls
Total = 262,000 Bbls

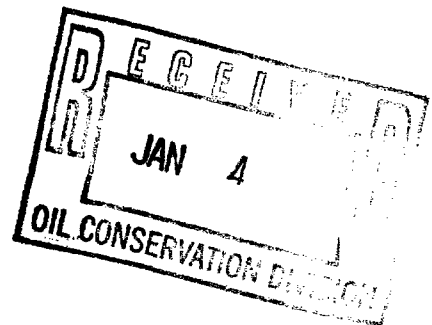
Average = 131,000 Bbls

Recovery factor 25%

Recoverable Oil 89.8 BO/Ac. ft.

Average thickness 11.9 ft.

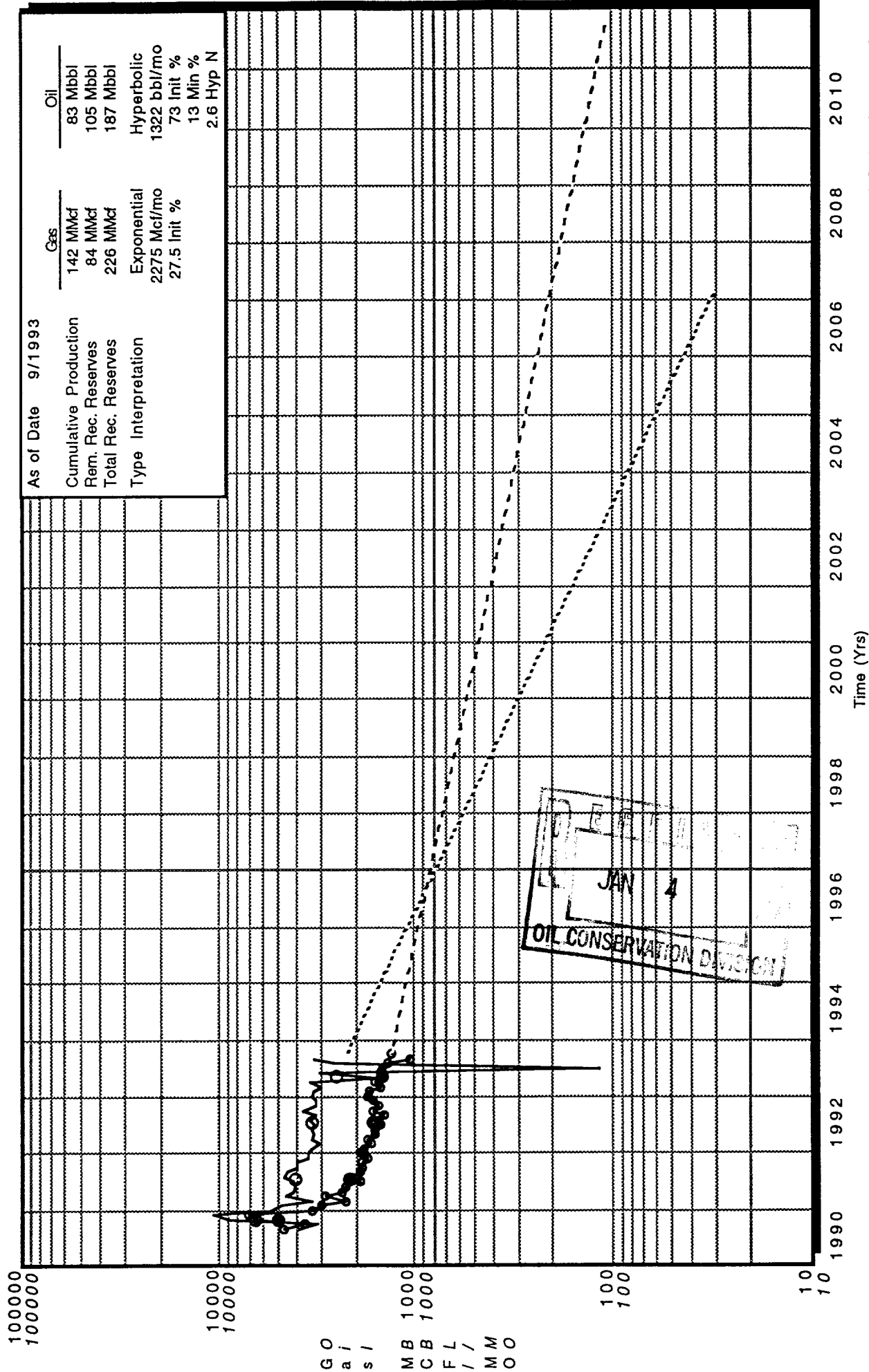
Drainage Area 122.5 Ac. per well



Production Rate vs. Time

Well Name & No.: WILL 693 LTD 000003
 Operator: PETROLEUM PROD MGMT INC
 Field Name: MILNESAND (ABO) AB
 County: ROOSEVELT State: NM

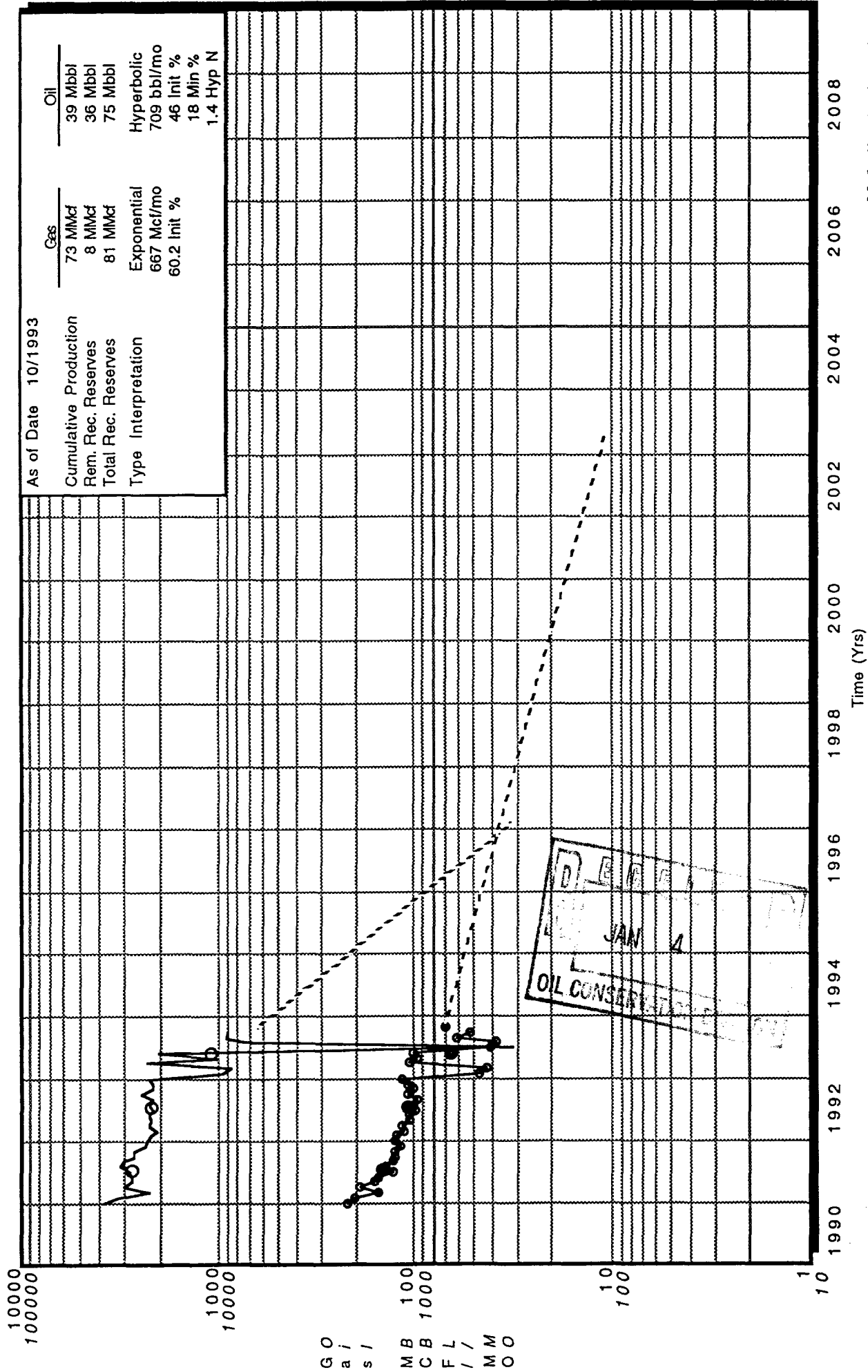
Dwight's ID: 150,041,08S35E34N00AB
 Reservoir Name: ABO
 Location: 34N 8S 35E
 Date graph plotted: 12-28-1994



Production Rate vs. Time

Well Name & No.: WILL 693 LTD 000004
 Operator: PETROLEUM PROD MGMT INC
 Field Name: MILNESAND (ABO) AB
 County: ROOSEVELT State: NM

Dwight's ID: 150,041,08S35E34J00AB
 Reservoir Name: ABO
 Location: 34J 8S 35E
 Date graph plotted: 12-28-1994



CAMPBELL, CARR & BERGE, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
TANNIS L. FOX

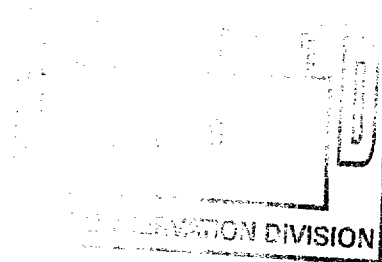
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

April 26, 1995

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505



Re: Oil Conservation Division Case No. 10280 (Reopened)
In the Matter of Case No. 10290 Being Reopened Pursuant to the provision of
Division Order Nos. R-9594 and R-9594A, Which Promulgated Special Rules
Regulations for the Milnesand-Abo Pool, Roosevelt and Lea Counties, New
Mexico

Dear Mr. LeMay:

Petroleum Production Management, Inc. respectfully requests that the matter which is currently set of the Commission docket for the April 27, 1995 hearings be continued to the May 11, 1995 Commission docket.

Thank you for your attention to this matter.

Very truly yours,

William F. Carr
Tanya M. Trujillo

WFC/TMT:mlh

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
TANNIS L. FOX

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
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May 17, 1995

HAND-DELIVERED

RECEIVED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

JUN 2 1995

Oil Conservation Division

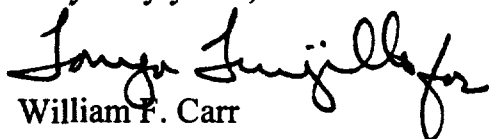
Re: Oil Conservation Division Case No. 10280 (Reopened)
In the Matter of Case No. 10280 Being Reopened Pursuant to the
provision of Division Order Nos. R-9594 and R-9594A, Which
Promulgated Special Rules and Regulations for the Milnesand-Abo Pool,
Roosevelt and Lea Counties, New Mexico

Dear Mr. LeMay:

Petroleum Production Management, Inc. respectfully requests that the above-referenced matter which is currently set on the Commission docket for the June 8, 1995, hearings be continued to the next Commission docket. Counsel for Petroleum Production Management, Inc. will be in trial in Clovis, New Mexico on June 8.

Thank you for your attention to this matter.

Very truly yours,


William F. Carr

cc: Glen Luff

TMT/rgw

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE

MICHAEL H. FELDEWERT
TANNIS L. FOX
TANYA M. TRUJILLO
PAUL R. OWEN

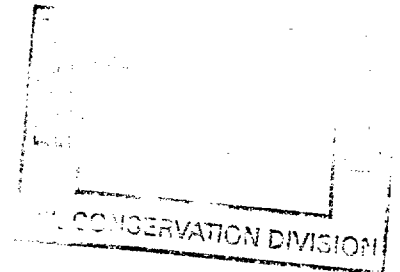
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 14, 1995

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
Post Office Box 2040
Santa Fe, New Mexico 87505



Re: Oil Conservation Commission Case No. 10280:
In the Matter of Case No. 10280 Being Reopened Pursuant to the Provisions
of Division Order Nos. R-9594 and 9594-A, which Orders Promulgated
Temporary Special Rules and Regulations for the Milnesand-Abo Pool in Lea
and Roosevelt Counties, New Mexico

Dear Mr. LeMay:

Pursuant to your request at the August 3, 1995 Commission hearing in the above-captioned case, enclosed for your consideration is Petroleum Production Management, Inc.'s proposed Order establishing permanent rules for this pool.

If you need anything further from Petroleum Production Management, Inc. to proceed with your consideration of this matter, please advise.

Very truly yours,

WILLIAM F. CARR
ATTORNEY FOR PETROLEUM PRODUCTION MANAGEMENT, INC.

WFC:mlh

Enclosure

cc: Mr. Glen C. Luff (w/enclosure)