

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

IN THE MATTER OF THE APPLICATION
OF ARCO OIL & GAS COMPANY CONCERNING
ITS EMPIRE ABO PRESSURE MAINTENANCE
PROJECT (ORDER NO. R-4549) AND
THE OXY U.S.A. INC. CITGO EMPIRE-
ABO PRESSURE MAINTENANCE PROJECT
AND FOR AMENDMENT OF ORDER NO. R-4808,
EDDY COUNTY, NEW MEXICO.

RECEIVED
JUN 1 1991
OIL CONSERVATION DIVISION

CASE NO. 10369

APPLICATION

ARCO OIL & GAS COMPANY ("ARCO"), makes application to the New Mexico Oil Conservation Division for (1) an Order determining the appropriate procedure to be applied by OXY U.S.A., Inc., in its Citgo Empire-Abo Unit to make up its current overproduction and to assure its full compliance with all Division Orders approving this Unit and operations therein, and (2) amendment of Order No. R-4808 to assure that future production from the Citgo Empire-Abo Unit is limited to a rate equal to the reservoir voidage occurring in the Empire-Abo Unit, and in support of this application states:

1. ARCO Oil & Gas Company is the operator of the Empire-Abo Unit which contains approximately 11,339 acres located in Townships 17 and 18 South, Ranges 27, 28 and 29 East, N.M.P.M. Eddy County, New Mexico in which it conducts pressure maintenance operations pursuant to Division Order No. R-4549 entered on June 15, 1973.

2. OXY U.S.A. Inc. operates the Citgo Empire-Abo Unit which is comprised of the following acreage in Eddy County, New Mexico:

Township 17 South, Range 27 East, N.M.P.M.

Section 35: SE/4, E/2 SW/4, SW/4 SW/4

Township 18 South, Range 27 East, N.M.P.M.

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

containing approximately 360-acres.

3. The OXY U.S.A. Inc. Citgo Empire-Abo Unit was approved by Division Order No. R-4791 dated May 28, 1974 and, by Order No. R-4808 dated June 11, 1974, the Division authorizes pressure maintenance operations in the unit and promulgated Special Rules and Regulations For The Citgo Empire-Abo Pressure Maintenance Project.

4. The Citgo Empire-Abo Unit and the ARCO operated Empire-Abo Unit share a common boundary in the Abo formation and are in communication with each other.

5. ARCO has discovered information which causes it to believe that the operator of the Citgo Empire-Abo Unit has not complied with the provisions of the Division Orders and Special Rules and Regulations governing the operation of the Citgo Empire-Abo Unit.

6. ARCO's data demonstrates that the failure of the operator of the Citgo Empire-Abo Unit to comply with these Orders and Special Rules and Regulations of the Division has resulted in the Citgo Empire-Abo Unit being substantially overproduced thereby draining reserves from the ARCO operated Empire-Abo Unit, impairing the correlative rights of the owners in the ARCO operated Empire-Abo Unit and causing the

waste of hydrocarbons.

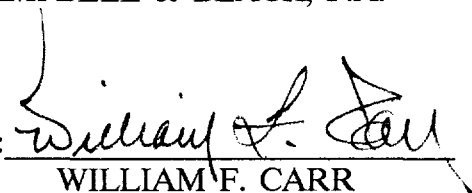
7. To assure that waste is prevented and the correlative rights of interest owners in this reservoir are protected, Order No. R-4808 should be amended to limit production from the Citgo Empire-Abo Unit to a rate equal to the reservoir voidage occurring in the Empire-Abo Unit.

WHEREFORE, ARCO Oil & Gas Company hereby requests that the New Mexico Oil Conservation Division set a hearing before a Division Examiner on August 8, 1991, and after notice and hearing as required by law the Division require OXY U.S.A. Inc., to cease production from the Citgo Empire-Abo Unit until all current overproduction is made up, and to amend the Special Rules and Regulations governing operation of the Citgo-Abo Unit to restrict production to a rate equal to the reservoir voidage occurring in the Empire Abo Unit.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:

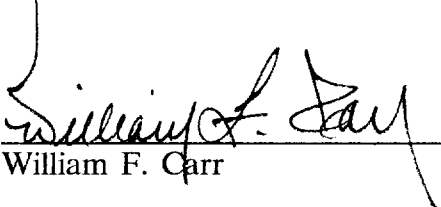


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ATTORNEYS FOR ARCO
OIL & GAS COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading was served on W. Thomas Kellahin, Esq., Kellahin, Kellahin & Aubrey, Post Office Box 2265, Santa Fe, New Mexico 87504, by depositing same in the United States mail, first-class postage prepaid, this ~~10th~~_{12th} day of July, 1991.



William F. Carr