

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

6 September 1989

EXAMINER HEARING

IN THE MATTER OF:

In the matter of cases called on this  
date and continued or dismissed with-  
out testimony presented.

CASES  
9712  
9713  
9725  
9698  
9700  
9747  
9748  
9749  
9715  
9756

*Transcript in  
Case 9712*

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Robert G. Stovall  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Building  
Santa Fe, New Mexico

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5 SANTA FE, NEW MEXICO

6 20 September 1989

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Conoco, Inc. for revision CASE  
10 of Division Order R-5008 and simultaneous 9748  
11 dedication, Lea County, New Mexico.

12 BEFORE: David R. Catanach, Examiner  
13  
14

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16 A P P E A R A N C E S

17 For the Division: Robert G. Stovall  
18 Attorney at Law  
19 Legal Counsel to the Division  
20 State Land Office Building  
Santa Fe, New Mexico

21 For Conoco, Inc.: W. Thomas Kellahin  
22 Attorney at Law  
23 KELLAHIN, KELLAHIN & AUBREY  
P. O. Box 2265  
24 Santa Fe, New Mexico 87504  
25

## I N D E X

## JERRY HOOVER

Direct Examination by Mr. Kellahin 4

Cross Examination by Mr. Catanach 12

## E X H I B I T S

Conoco Exhibit One, Map 4

Conoco Exhibit Two-A, Plat 7

Conoco Exhibit Two-B, Plat 7

Conoco Exhibit Two-C, Plat 8

Conoco Exhibit Three, Map 6

Conoco Exhibit Four-A, Receipts 8

Conoco Exhibit Four-B, Receipts 8

Conoco Exhibit Five, Structural Map 9

Conoco Exhibit Six, Production Data 9

Conoco Exhibit Seven, Production Data 10

1 MR. CATANACH: Okay, we'll  
2 call the hearing back to order and at this time we'll call  
3 Case 9748.

4 MR. STOVALL: Application of  
5 Conoco, Inc., for revision of Division Order No. R-5008,  
6 simultaneous dedication, Lea County, New Mexico.

7 MR. CATANACH: Appearances in  
8 this case?

9 MR. KELLAHIN: Mr. Examiner,  
10 I'm Tom Kellahin of the Santa Fe law firm of Kellahin,  
11 Kellahin & Aubrey, appearing on behalf of the applicant.

12 I have one witness to be  
13 sworn.

14 MR. CATANACH: Any other ap-  
15 pearances?

16 Will the witness please stand  
17 and be sworn in?

18  
19 (Witness sworn.)

20  
21 JERRY HOOVER,  
22 being called as a witness and being duly sworn upon his  
23 oath, testified as follows, to-wit:  
24  
25

## DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Hoover, for the record would you please state your name and occupation?

A My name is Jerry Hoover. I'm Senior Reservoir Engineer with Conoco.

Q Mr. Hoover, on prior occasions have you testified on behalf of your company before the Division as a reservoir engineer?

A Yes, I have.

Q And pursuant to your employment by Conoco have you made a study of the engineering and other factors surrounding the application that Conoco has before this Hearing Examiner?

A Yes, I have.

MR. KELLAHIN: At this time, Mr. Examiner, we tender Mr. Hoover as an expert reservoir engineer.

MR. CATANACH: He is so qualified.

Q Mr. Hoover, let me ask you to turn to what is marked as Exhibit Number One in the Conoco package of hearing exhibits and take a moment using this display to describe to the Examiner what Conoco is seeking to accomplish with the application.

1           A           All right. This map shows the Conoco-  
2 operated Britt "B" Lease, which consists of the south half  
3 of Section 10, which is hatched, and also the western 480  
4 acres of Section 15, also cross hatched.

5                   The previous order, R-5008, established  
6 the two proration units as you see them on this exhibit.  
7 The northern 280-acre proration unit was dedicated to Wells  
8 15 and 25 that you see highlighted by the orange symbols.  
9 The southern 240-acre proration unit was dedicated solely  
10 to the No. 3 Well.

11                   We seek to revise the order to establish  
12 a 640-acre proration unit, which we'll show on a succeeding  
13 exhibit.

14           Q           What is the significance of that area  
15 shown on Exhibit Number One that is cross lined from  
16 northeast to southwest?

17           A           The cross hatching indicates Conoco-  
18 operated properties.

19           Q           Within that area, then, there is a por-  
20 tion of the display, if you'll look at Section 15, in which  
21 the east half of the east half is separated from the west  
22 half of the east half with a vertical dashed line?

23           A           That is correct.

24           Q           What is the difference of being on one  
25 side of that line or the other?

1           A           The bold, vertical, dashed line separ-  
2       ates the Southeast Monument Unit to the east from the Britt  
3       "B" Lease.

4           Q           We'll come to some of the other exhibits  
5       in between Exhibit One and Three, but let me have you turn  
6       to Exhibit Three at this moment.

7           A           Yes.

8           Q           And let's lay Exhibit One next to Ex-  
9       hibit Three and have you describe for the Examiner what  
10      you're proposing to do with this application now.

11          A           All right. The northern 40 acres out-  
12      lined in orange, labeled as the Britt Phillips Lease, has  
13      been sold to David Arrington Oil & Gas, Incorporated. As a  
14      result of that sale, Conoco is requesting revisions of the  
15      proration unit that included that acreage to exclude that  
16      40 acres.

17          Q           Has Mr. Arrington been notified of your  
18      proposal to delete that 40-acre tract from the existing  
19      spacing unit?

20          A           Yes, he has.

21          Q           And in fact that is part of the arrange-  
22      ment by which he is purchasing that acreage, is it not?

23          A           Yes.

24          Q           When we look at the reconfigured 640  
25      acres that you're proposing to now include for the three

1 wells, is the ownership in common for that acreage?

2 A Yes, it is.

3 Q We are not changing percentages or  
4 picking up new interest owners by the consolidation of the  
5 two spacing units with the deletion of that 40-acre tract?

6 A That's correct, we are not.

7 Q What advantage does this have in the  
8 view of Conoco to their operations in the Eumont Gas Pool?

9 A I think this could best be seen as we  
10 look at the exhibits, later exhibits that show the produc-  
11 tion allowable schedules for these wells.

12 Q Let's go, then, back to Exhibit Number  
13 Two and just to document the change in the proposed spacing  
14 units, let me have you take a moment and turn to Exhibit  
15 Number Two-A.

16 A Yes.

17 Q Identify that for me, please.

18 A 2-A is the well location, acreage dedi-  
19 cation plat for Well No. 3.

20 Q As it now exists.

21 A As it now exists.

22 Q Okay, and Exhibit Number Two-B?

23 A Two-B is the same form for Well No. 15.

24 Q And you have simultaneously dedicated  
25 that acreage also to Well 25?



1 A Right.

2 Q And that's shown on Exhibit Two-C?

3 A Two-C, that's correct.

4 Q Let's talk about the notifications, Mr.  
5 Hoover. Have -- has Conoco caused the offset operators to  
6 be notified of your proposed application?

7 A Yes, we have. Our --

8 Q Go ahead.

9 A -- Exhibits Four-A and B are copies of  
10 the receipts we received when we sent the application to  
11 all the offsetting parties by registered mail. We also  
12 informed them of the continuance of this case from Septem-  
13 ber the 6th to the 20th.

14 Q These notifications were originally sent  
15 to these operators when you filed for the hearing docket on  
16 September 6th?

17 A That's correct.

18 Q And then subsequently you notified these  
19 parties of your continuance of the case to September 20th.

20 A That's right.

21 Q To your knowledge, Mr. Hoover, have you  
22 received any objections or complaints by any of the offset  
23 operators to the reformation of the spacing units and to  
24 the multiple well dedication to the spacing units?

25 A No, we have not.

1           Q           Let me have you now turn to Exhibit  
2 Number Five. Would you identify and describe that dis-  
3 play?

4           A           Exhibit Five is a structure map con-  
5 toured on the top of the Yates formation, which is the top  
6 of the Eumont Pool. The -- also on this map you will see  
7 highlighted with the orange symbols all of the Eumont gas  
8 wells in this area. The structural pattern shown here, as  
9 well as the well development, do indicate that all of the  
10 640 acres which are outlined in pink are within the pro-  
11 ductive limits of the Eumont Gas Pool and could reason-  
12 ably be included in the drainage area of the three Britt  
13 Wells, 15, 25 and 3.

14           Q           Let's turn to Exhibit Number Six now,  
15 Mr. Hoover.

16           A           Yes.

17           Q           Would you identify this exhibit, please?

18           A           Yes. Exhibit Six is production and  
19 allowable data of the last available twelve months of these  
20 three Britt Eumont gas wells.

21                       Column one shows that this data is for  
22 the 12-month period from August of '88 through July of '89.

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24 the display, would you take a moment and help us learn how  
25 to read and understand the display?

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3 original southern proration unit.

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5 during that period of time for that well, and you'll notice  
6 that at the bottom of those columns 12-month averages show  
7 that production was very small on Well 3. It's only about  
8 4 percent of the available allowable.

9                   Now Columns 4 and 5 are the production  
10 for Wells 15 and 25, which were dedicated to the northern  
11 proration unit.

12                  Column 6 will show you the total of  
13 those two wells and the last column then is the scheduled  
14 allowable for those simultaneously dedicated wells, and  
15 you'll notice, looking at the bottom line of those last two  
16 columns, that those two wells had been producing right at  
17 the total allowed allowable for that proration unit.

18           Q           Have you prepared a display similar to  
19 Exhibit Number Six to show us the effect if we combine the  
20 three wells into a single spacing unit consisting of the  
21 640 acres as you propose for this case?

22           A           Yes, that's Exhibit Seven.

23           Q           Okay.

24           A           We simply show again the production for  
25 the three wells, totalled all three of these Britt wells

1 and show what the allowable would have been for a 640-acre  
2 proration unit during that same time period. You'll notice  
3 looking at the bottom line of the last two columns that  
4 this type of arrangement certainly would allow these wells  
5 to be produced without any restriction; there's plenty of  
6 allowable for the three wells.

7 It also allows us the opportunity which  
8 may still remain in this -- in this lease, for additional  
9 wells to be recompleted into the Eumont or even additional  
10 pay zones that are not currently open in the Eumont to be  
11 added and still fit within the allowable schedule.

12 Q In your opinion, Mr. Hoover, would ap-  
13 proval of this application be in the best interest of con-  
14 servation, the prevention of waste and the protection of  
15 correlative rights?

16 A Yes, we believe it will.

17 Q Were Exhibits One through Seven either  
18 prepared by you or compiled under your direction and super-  
19 vision?

20 A Yes, they were.

21 MR. KELLAHIN: That concludes  
22 our examination of Mr. Hoover.

23 I move the introduction of his  
24 Exhibits One through Seven.

25 MR. CATANACH: Exhibits One

1 through Seven will be admitted as evidence.

2

3

CROSS EXAMINATION

4

BY MR. CATANACH:

5

Q Mr. Hoover, do you have any idea how Mr.

6

Arrington is going to develop his acreage?

7

A I do not.

8

Q Now you testified that this -- all of

9

the acreage within the proposed unit is all on one lease?

10

A Yes, it is.

11

Q Is that a fee lease?

12

A That's Federal acreage, that's NMFU, New

13

Mexico Federal Unit.

14

Q And all the working interest and various

15

other interests are common throughout the new proration

16

unit?

17

A That is correct.

18

Q So nobody's interest will be adversely

19

affected by this.

20

A No, they will not.

21

Q Does Conoco have any plans at this point

22

to drill any additional wells or -- or open up any addi-

23

tional pays?

24

A I know of no plans to actually drill a

25

well but there -- we are doing some reservoir studies in

1 this area that show some potential for recompletion or  
2 perhaps another well in this section, and also, in looking  
3 at these three wells that are currently producing from the  
4 Eumont, they are completed only in the Penrose, which is  
5 the lower member of the Queen, and there are surrounding  
6 wells which are producing quite well from the Yates and  
7 Seven Rivers in the upper part. So there is some possible  
8 potential here to open more of the Eumont zone.

9 Q In Section 10 I notice in addition to  
10 the Well No. 15 there are two other Eumont gas wells, one  
11 of them being yours, apparently, or Conoco's, the No. 17?

12 A Yes, over in the east half of Section  
13 10.

14 Q Do you know what is dedicated to that  
15 well?

16 A I don't have that with me. I would sus-  
17 pect it's probably that southeast quarter, since there are  
18 also wells across in Section 11, but I don't have that with  
19 me.

20 It might be of interest that 160 acres,  
21 which consists of the west half of the east half of Sec-  
22 tion 15 that we're adding into that, is currently undedi-  
23 cated in the Eumont Pool, in case there are any questions  
24 about that.

25 Q Do you -- is it your opinion that those

1 wells are draining that acreage?

2           A           Yes, I believe they are. The Well 25,  
3 which is most central to this acreage, is obviously now  
4 providing the main drainage source and it was right on the  
5 boundary of the two existing proration units, is why we  
6 felt it was more logical to go ahead and put it within the  
7 same unit, because it's obviously, it's draining (unclear)  
8 both prorations units as well as the undedicated 160 acres  
9 that we're asking to add.

10                       MR. CATANACH: That's all the  
11 questions I have for the witness.

12                       Anything further in this case?

13                       Case 9748 will be taken under  
14 advisement.

15

16                       (Hearing concluded.)

17

18

19

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22

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25

## C E R T I F I C A T E

I, SALLY W. BOYD, C. S. R. DO HEREBY  
CERTIFY that the foregoing Transcript of Hearing before the  
Oil Conservation Division (Commission) was reported by me;  
that the said transcript is a full, true and correct record  
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 9748  
heard by me on Sept. 6, 20 19 57.  
David R. Catant, Examiner  
Oil Conservation Division



1 STATE OF NEW MEXICO  
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4 STATE LAND OFFICE BUILDING  
5 SANTA FE, NEW MEXICO

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11 dedication, Lea County, New Mexico.

12 BEFORE: David R. Catanach, Examiner  
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18 Legal Counsel to the Division  
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22 Attorney at Law  
23 KELLAHIN, KELLAHIN & AUBREY  
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## I N D E X

## JERRY HOOVER

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## E X H I B I T S

Conoco Exhibit One, Map 4

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10 I'm Tom Kellahin of the Santa Fe law firm of Kellahin,  
11 Kellahin & Aubrey, appearing on behalf of the applicant.

12 I have one witness to be  
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21 JERRY HOOVER,  
22 being called as a witness and being duly sworn upon his  
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## 1 DIRECT EXAMINATION

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3 Q Mr. Hoover, for the record would you  
4 please state your name and occupation?5 A My name is Jerry Hoover. I'm Senior  
6 Reservoir Engineer with Conoco.7 Q Mr. Hoover, on prior occasions have you  
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9 a reservoir engineer?

10 A Yes, I have.

11 Q And pursuant to your employment by  
12 Conoco have you made a study of the engineering and other  
13 factors surrounding the application that Conoco has before  
14 this Hearing Examiner?

15 A Yes, I have.

16 MR. KELLAHIN: At this time,  
17 Mr. Examiner, we tender Mr. Hoover as an expert reservoir  
18 engineer.19 MR. CATANACH: He is so qual-  
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7 The northern 280-acre proration unit was dedicated to Wells  
8 15 and 25 that you see highlighted by the orange symbols.  
9 The southern 240-acre proration unit was dedicated solely  
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19           Q           Within that area, then, there is a por-  
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22 half of the east half with a vertical dashed line?

23           A           That is correct.

24           Q           What is the difference of being on one  
25 side of that line or the other?

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3       "B" Lease.

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6       to Exhibit Three at this moment.

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10      you're proposing to do with this application now.

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12      lined in orange, labeled as the Britt Phillips Lease, has  
13      been sold to David Arrington Oil & Gas, Incorporated. As a  
14      result of that sale, Conoco is requesting revisions of the  
15      proration unit that included that acreage to exclude that  
16      40 acres.

17          Q           Has Mr. Arrington been notified of your  
18      proposal to delete that 40-acre tract from the existing  
19      spacing unit?

20          A           Yes, he has.

21          Q           And in fact that is part of the arrange-  
22      ment by which he is purchasing that acreage, is it not?

23          A           Yes.

24          Q           When we look at the reconfigured 640  
25      acres that you're proposing to now include for the three

1 wells, is the ownership in common for that acreage?

2 A Yes, it is.

3 Q We are not changing percentages or  
4 picking up new interest owners by the consolidation of the  
5 two spacing units with the deletion of that 40-acre tract?

6 A That's correct, we are not.

7 Q What advantage does this have in the  
8 view of Conoco to their operations in the Eumont Gas Pool?

9 A I think this could best be seen as we  
10 look at the exhibits, later exhibits that show the produc-  
11 tion allowable schedules for these wells.

12 Q Let's go, then, back to Exhibit Number  
13 Two and just to document the change in the proposed spacing  
14 units, let me have you take a moment and turn to Exhibit  
15 Number Two-A.

16 A Yes.

17 Q Identify that for me, please.

18 A 2-A is the well location, acreage dedi-  
19 cation plat for Well No. 3.

20 Q As it now exists.

21 A As it now exists.

22 Q Okay, and Exhibit Number Two-B?

23 A Two-B is the same form for Well No. 15.

24 Q And you have simultaneously dedicated  
25 that acreage also to Well 25?

1 A Right.

2 Q And that's shown on Exhibit Two-C?

3 A Two-C, that's correct.

4 Q Let's talk about the notifications, Mr.  
5 Hoover. Have -- has Conoco caused the offset operators to  
6 be notified of your proposed application?

7 A Yes, we have. Our --

8 Q Go ahead.

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21 Q To your knowledge, Mr. Hoover, have you  
22 received any objections or complaints by any of the offset  
23 operators to the reformation of the spacing units and to  
24 the multiple well dedication to the spacing units?

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1           Q           Let me have you now turn to Exhibit  
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11 ductive limits of the Eumont Gas Pool and could reason-  
12 ably be included in the drainage area of the three Britt  
13 Wells, 15, 25 and 3.

14          Q           Let's turn to Exhibit Number Six now,  
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17 the total allowed allowable for that proration unit.

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25 the three wells, totalled all three of these Britt wells

1 and show what the allowable would have been for a 640-acre  
2 proration unit during that same time period. You'll notice  
3 looking at the bottom line of the last two columns that  
4 this type of arrangement certainly would allow these wells  
5 to be produced without any restriction; there's plenty of  
6 allowable for the three wells.

7 It also allows us the opportunity which  
8 may still remain in this -- in this lease, for additional  
9 wells to be recompleted into the Eumont or even additional  
10 pay zones that are not currently open in the Eumont to be  
11 added and still fit within the allowable schedule.

12 Q In your opinion, Mr. Hoover, would ap-  
13 proval of this application be in the best interest of con-  
14 servation, the prevention of waste and the protection of  
15 correlative rights?

16 A Yes, we believe it will.

17 Q Were Exhibits One through Seven either  
18 prepared by you or compiled under your direction and super-  
19 vision?

20 A Yes, they were.

21 MR. KELLAHIN: That concludes  
22 our examination of Mr. Hoover.

23 I move the introduction of his  
24 Exhibits One through Seven.

25 MR. CATANACH: Exhibits One

1 through Seven will be admitted as evidence.

3 CROSS EXAMINATION

4 BY MR. CATANACH:

5 Q Mr. Hoover, do you have any idea how Mr.  
6 Arrington is going to develop his acreage?

7 A I do not.

8 Q Now you testified that this -- all of  
9 the acreage within the proposed unit is all on one lease?

10 A Yes, it is.

11 Q Is that a fee lease?

12 A That's Federal acreage, that's NMFU, New  
13 Mexico Federal Unit.

14 Q And all the working interest and various  
15 other interests are common throughout the new proration  
16 unit?

17 A That is correct.

18 Q So nobody's interest will be adversely  
19 affected by this.

20 A No, they will not.

21 Q Does Conoco have any plans at this point  
22 to drill any additional wells or -- or open up any addi-  
23 tional pays?

24 A I know of no plans to actually drill a  
25 well but there -- we are doing some reservoir studies in

1 this area that show some potential for recompletion or  
2 perhaps another well in this section, and also, in looking  
3 at these three wells that are currently producing from the  
4 Eumont, they are completed only in the Penrose, which is  
5 the lower member of the Queen, and there are surrounding  
6 wells which are producing quite well from the Yates and  
7 Seven Rivers in the upper part. So there is some possible  
8 potential here to open more of the Eumont zone.

9 Q In Section 10 I notice in addition to  
10 the Well No. 15 there are two other Eumont gas wells, one  
11 of them being yours, apparently, or Conoco's, the No. 17?

12 A Yes, over in the east half of Section  
13 10.

14 Q Do you know what is dedicated to that  
15 well?

16 A I don't have that with me. I would sus-  
17 spect it's probably that southeast quarter, since there are  
18 also wells across in Section 11, but I don't have that with  
19 me.

20 It might be of interest that 160 acres,  
21 which consists of the west half of the east half of Sec-  
22 tion 15 that we're adding into that, is currently undedi-  
23 cated in the Eumont Pool, in case there are any questions  
24 about that.

25 Q Do you -- is it your opinion that those

1 wells are draining that acreage?

2 A Yes, I believe they are. The Well 25,  
3 which is most central to this acreage, is obviously now  
4 providing the main drainage source and it was right on the  
5 boundary of the two existing proration units, is why we  
6 felt it was more logical to go ahead and put it within the  
7 same unit, because it's obviously, it's draining (unclear)  
8 both prorations units as well as the undedicated 160 acres  
9 that we're asking to add.

10 MR. CATANACH: That's all the  
11 questions I have for the witness.

12 Anything further in this case?

13 Case 9748 will be taken under  
14 advisement.

15

16 (Hearing concluded.)

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## C E R T I F I C A T E

I, SALLY W. BOYD, C. S. R. DO HEREBY  
CERTIFY that the foregoing Transcript of Hearing before the  
Oil Conservation Division (Commission) was reported by me;  
that the said transcript is a full, true and correct record  
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 9748  
heard by me on September 20 1989.  
David R. Catamb, Examiner  
Oil Conservation Division

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:

CASE NO. 9748  
Order No. R-5008-A

APPLICATION OF CONOCO INC. FOR  
REVISION OF DIVISION ORDER NO.  
R-5008 AND SIMULTANEOUS DEDICATION,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 20, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of October, 1989, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-5008, dated May 6, 1975, the Division, upon the application of Continental Oil Company (Conoco Inc.), established two non-standard gas proration units in the Eumont Gas Pool comprising parts of Sections 10 and 15, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, as follows:

A 240-acre unit comprising the SW/4 and the S/2 NW/4 of Section 15, said unit to be dedicated to the applicant's Britt "B" Well No. 3 located at an unorthodox gas well location in Unit L of said Section 15; and



A 280-acre unit comprising the SW/4 NW/4 and SW/4 of Section 10 and the N/2 NW/4 of Section 15, said unit to be dedicated to the applicant's Britt "B" Well Nos. 15 and 25 located, respectively, at unorthodox gas well locations in Unit M of said Section 10 and Unit C of said Section 15.

(3) The applicant, Conoco Inc., seeks to revise and consolidate the two non-standard gas proration units as described above by the deletion of the SW/4 NW/4 of Section 10 and the addition of the W/2 E/2 of Section 15, thereby forming a non-standard 640-acre Eumont Gas Pool spacing and proration unit comprising the SW/4 of Section 10 and the W/2 and W/2 E/2 of Section 15, said unit to be simultaneously dedicated to the applicant's Britt "B" Well Nos. 3, 15 and 25 as described above.

(4) The evidence indicates that the proposed acreage consolidation and simultaneous dedication will allow the applicant to more fully utilize the gas allowable assigned to said non-standard unit, resulting in greater gas production, and will not violate correlative rights inasmuch as the Eumont Gas Pool is a prorated gas pool.

(5) The evidence further indicates that the acreage contained within the proposed 640-acre non-standard unit, including the acreage to be added, is a single lease, being the Britt "B" Federal Lease, and that interest ownership is common.

(6) Testimony indicates that the acreage to be deleted from the proposed 640-acre non-standard unit, being the SW/4 NW/4 of said Section 10, has been sold, and that the current owner has no objection to the proposal.

(7) The entire 640-acre non-standard unit may reasonably be presumed productive of gas from the Eumont Gas Pool and said unit can be efficiently and economically drained and developed by the aforesaid Britt "B" Well Nos. 3, 15 and 25.

(8) No other offset operator and/or interest owner appeared and objected to the application.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(10) The portion of Division Order No. R-5008 which approved the two non-standard units as described in Finding No. (2) above should be superseded by this order.

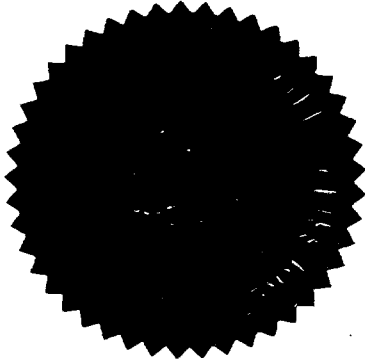
IT IS THEREFORE ORDERED THAT:

(1) A 640-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 10 and the W/2 and W/2 E/2 of Section 15, both in Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established and simultaneously dedicated to Conoco Inc's. Britt "B" Well Nos. 3, 15 and 25, all located at previously approved unorthodox gas well locations, respectively, in Unit L of Section 15, Unit M of Section 10, and Unit C of Section 15.

(2) That portion of Division Order No. R-5008 which approved the two non-standard units as described in Finding No. (2) above is hereby superseded by this order.

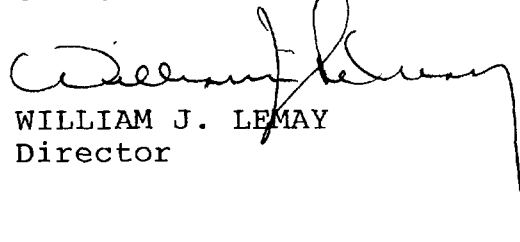
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

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:

CASE NO. 9748

Order No. R-~~5070~~

5008-A

APPLICATION OF CONOCO INC. FOR  
REVISION OF DIVISION ORDER NO.  
R-5008 AND SIMULTANEOUS DEDICATION,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 20, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 20th day of September, 1989, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-5008, dated May 6, 1975, the Division, upon the application of Continental Oil Company (Conoco Inc.), established two non-standard gas proration units in the Eumont Gas Pool comprising parts of Sections 10 and 15, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, as follows:

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A 280-acre unit comprising the SW/4 NW/4 and SW/4 of Section 10 and the N/2 NW/4 of Section 15, said unit to be dedicated to the applicant's Britt "B" Well Nos. 15

and 25 located, respectively, at unorthodox gas well locations in Unit M of said Section 10 and Unit C of said Section 15.

(3) The applicant, Conoco Inc., seeks to revise and consolidate the two non-standard gas proration units as described above by the deletion of the SW/4 NW/4 of Section 10 and the addition of the W/2 E/2 of Section 15, thereby forming a non-standard 640-acre Eumont Gas Pool spacing and proration unit comprising the SW/4 of Section 10 and the W/2 and ~~W/2 E/2~~ of Section 15, said unit to be simultaneously dedicated to the applicant's Britt "B" Well Nos. 3, 15 and 25 as described above.

(4) The evidence indicates that the proposed acreage consolidation and simultaneous dedication will allow the applicant to more fully utilize the gas allowable assigned to said non-standard unit, resulting in greater gas production, and will not violate correlative rights inasmuch as the Eumont Gas Pool is a prorated gas pool.

(5) The evidence further indicates that the acreage contained within the proposed 640-acre non-standard unit, including the acreage to be added, is a single lease, being the Britt "B" Federal Lease, and that interest ownership is common.

(6) Testimony indicates that the acreage to be deleted from the proposed 640-acre non-standard unit, being the SW/4 NW/4 of said Section 10, has been sold, and that the current owner has no objection to the proposal.

(7) The entire 640-acre non-standard unit may reasonably be presumed productive of gas from the Eumont Gas Pool and said unit can be efficiently and economically drained and developed by the aforesaid Britt "B" Well Nos. 3, 15 and 25.

(8) No other offset operator and/or interest owner appeared and objected to the application.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(10) The portion of Division Order No. R-5008 which approved the two non-standard units as described in Finding No (2) above should be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) A 640-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 10 and the W/2 and W/2 E/2 of Section 15, both in Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established and simultaneously dedicated to Conoco Inc's.

Britt "B" Well Nos. 3, 15 and 25, all located at previously approved unorthodox gas well locations, respectively, in Unit L of Section 15, Unit M of Section 10, and Unit C of Section 15.

(2) That portion of Division Order No. R-5008 which approved the two non-standard units as described in Finding No. (2) above, is hereby superseded by this order.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY  
Director

S E A L