

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. 10068
ORDER NO. R-9331

APPLICATION OF PACIFIC ENTERPRISES
OIL COMPANY (USA) TO LIMIT THE RULES
GOVERNING THE ANDERSON-PENNSYLVANIAN
GAS POOL TO ITS PRESENT HORIZONTAL
BOUNDARY, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 23rd day of October, 1990, 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) At the time of the hearing, this case was consolidated with Division Case No. 10069 for the purpose of testimony.

(3) By Division Order No. R-928, dated December 13, 1956, the Anderson-Pennsylvanian Gas Pool was created and designated as a gas pool for Pennsylvanian production. Through amendments by Division Order Nos. R-4486 and R-9017, the horizontal limits of said pool presently consist of the S/2 of Section 7, the W/2 of Section 18 and the NW/4 of Section 19, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.

(4) By Division Order No. R-2707, dated May 25, 1964, Rule 104 of the New Mexico Oil Conservation Division General Rules and Regulations was amended in order to provide for 320-acre spacing for gas pools in Lea, Chaves, Eddy and Roosevelt Counties of Pennsylvanian age or older which were created and defined after June 1, 1964, inasmuch as it was found that in Southeast New Mexico,... "a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) Because the Anderson-Pennsylvanian Gas Pool was created and defined prior to the June 1, 1964 cut-off date, the statewide spacing rules of 160 acres applicable at that time are still in effect.

(6) The applicant, Pacific Enterprises Oil Company (USA), seeks to limit the governing rules for the Anderson-Pennsylvanian Gas Pool to its current horizontal boundary so that all wells drilled to the Pennsylvanian formation within one mile of the above-described area would be exempt from the provisions of Division General Rule 104.A. and be governed by the current Statewide Rules and Regulations.

(7) Those wells presently completed in and producing from the Pennsylvanian formation within the boundary of the Anderson-Pennsylvanian Gas Pool should be allowed to keep their dedicated 160-acre proration units and should be allowed to continue producing without restriction.

(8) No interested party objected to the subject application.

(9) Approval of the subject application is in the best interest of conservation, will prevent 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.

IT IS THEREFORE ORDERED THAT:

(1) The Anderson-Pennsylvanian Gas Pool in Eddy County, New Mexico, shall continue to be governed by all Division Rules and Regulations for gas pools in Southeast New Mexico of Pennsylvanian age or older that were applicable before the issuance of Division Order No. R-2707.

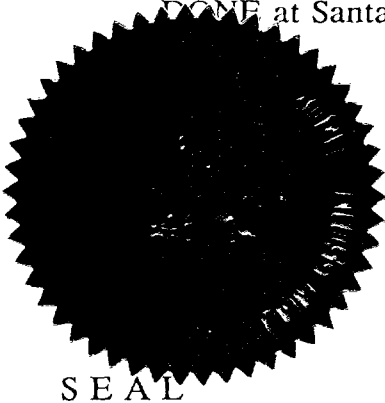
Case No. 10068
Order No. R-9331
Page No. 3

PROVIDED HOWEVER THAT:

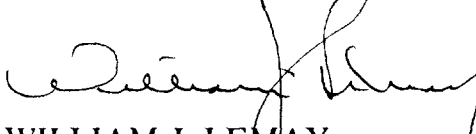
(2) Notwithstanding any of the provisions of Rule 104(a) of the Division Rules and Regulations applicable prior to May 25, 1964, the rules governing the Anderson-Pennsylvanian Gas Pool shall not be applicable outside the limits of said pool as hereinabove defined or as hereafter expanded.

(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