

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE No. 1095
Order No. R-850

THE APPLICATION OF GULF OIL
CORPORATION FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION PURSUANT
TO RULE 5 (a) OF THE SPECIAL RULES
AND REGULATIONS FOR THE EUMONT GAS
POOL AS SET FORTH IN ORDER R-520
IN ESTABLISHMENT OF A NON-STANDARD
GAS PRORATION UNIT OF 120 CONTIGUOUS
ACRES CONSISTING OF SW/4 SW/4 OF
SECTION 4 AND THE W/2 OF THE NW/4 OF
SECTION 9, TOWNSHIP 21 SOUTH, RANGE
36 EAST, NMPM, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on July 11, 1956, at Hobbs, New Mexico, before Warren W. Mankin, Examiner, duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", in accordance with Rule 1214 of the Commission's Statewide Rules and Regulations.

NOW, on this 1st. day of August, 1956, the Commission, a quorum being present, having considered said application, the evidence adduced and the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to the provisions of Rule 5 (a) of the Special Rules and Regulations of the Eumont Gas Pool as set forth in Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after a notice and hearing by the Commission.

(3) That applicant, Gulf Oil Corporation, are the owners of state oil and gas leases in Lea County, New Mexico, a portion of which consists of other than a legal section and described as follows:

) Township 21 South, Range 36 East, NMPM
SW/4 SW/4 of Section 4
W/2 NW/4 of Section 9

containing 120 acres, more or less.

(4) That applicant, Gulf Oil Corporation, has a producing well on the aforesaid property known as Bell-Ramsay "A" Well No. 5, located 660 feet from the South and West lines of said Section 4.

(5) That the royalty is of common interest throughout, being that of the State of New Mexico.

(6) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(7) That the creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Gulf Oil Corporation for approval of a non-standard gas proration unit in the Eumont Gas Pool consisting of the following described acreage in Lea County, New Mexico:

Township 21 South, Range 36 East, NMPM
SW/4 SW/4 of Section 4
W/2 NW/4 of Section 9

consisting of 120 acres be and the same is hereby approved and a proration unit consisting of aforesaid acreage is hereby granted.

(2) That applicant's Bell-Ramsay "A" Well No. 5, located 660 feet from the South and West lines of Section 4, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 120 acres bears to the standard proration unit of the Eumont Gas Pool, all until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

A. L. PORTER, JR., Member and Secretary

S E A L

/ds

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. 10092

Order No. R-9430

APPLICATION OF CHEVRON U.S.A. INC.
FOR ACREAGE REDEDICATION, TWO NON-
STANDARD GAS PRORATION UNITS,
SIMULTANEOUS DEDICATION, AND TWO
UNORTHODOX GAS WELL LOCATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 19, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this _____ day of February, 1991, 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) The applicant, Chevron U.S.A. Inc (Chevron), seeks approval to rededicate certain Eumont Gas Pool acreage in portions of Sections 4 and 9, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, thereby forming a 160-acre non-standard gas spacing and proration unit for said pool comprising Lots 12 and 13 and the W/2 SW/4 of said Section 4, to be simultaneously dedicated to its existing Bell Ramsay NCT-A Well No. 5 located at a standard gas well location 660 feet from the South and West lines (Unit U) and to the existing Bell Ramsay NCT-A Well No. 8 located at an unorthodox gas well location 3258 feet from the North line and 660 feet from the West line (Unit L), both wells in said Section 4, and a 240-acre non-standard gas spacing and proration unit comprising the NW/4 and E/2 SW/4 of said Section 9, to be dedicated to its Meyer Bell Ramsay Well No. 5 to be drilled at an unorthodox gas well location 990 feet from the South line and 1980 feet from

the West line (Unit N) of said Section 9.

(3) At the time of the hearing, it was determined that the location for the proposed Meyer Bell Ramsay Well No. 5 is orthodox for the proposed proration unit pursuant to the Special Rules and Regulations for the Eumont Gas Pool as promulgated by Division Order No. R-8170, as amended.

(4) The proposed non-standard gas proration units would serve to combine two active and one inactive non-standard gas proration units in the Eumont Gas Pool as follows:

- a) NSP-261, dated May 8, 1956 authorized a 120-acre non-standard gas proration unit comprising Lots 12 and 13 and the NW/4 SW/4 of Section 4, said unit currently dedicated to the Bell Ramsay NCT-A Well No. 8 as described above;
- b) NSP-287, dated July 11, 1956 authorized a 160-acre non-standard gas proration unit comprising the E/2 W/2 of Section 9, said acreage currently undedicated, and;
- c) R-850, dated August 1, 1956 authorized a 120-acre non-standard gas proration unit comprising the SW/4 SW/4 of Section 4 and the W/2 NW/4 of Section 9, said unit currently dedicated to the Bell Ramsay NCT-A Well No. 5 as described above.

(5) According to applicant's evidence, both the Bell Ramsay NCT-A Well Nos. 5 and 8 are currently classified as marginal gas wells in the Eumont Gas Pool capable of producing approximately 47 percent and 60 percent, respectively, of the preceding twelve month average Eumont gas allowable assigned to their respective 120-acre non-standard gas proration units.

(6) Testimony presented by the applicant indicates that the proposed Meyer Bell Ramsay Well No. 5 may be capable of producing approximately 450 MCF of gas per day; however, evidence presented suggests that said well may be capable of producing substantially more than that. ✓

(7) The proposed Meyer Bell Ramsay Well No. 5 has recently been offset by two newly drilled wells, the Texaco Producing Inc. Skelly "B" State Com Well No. 2 located in Unit G of Section 16, Township 21 South, Range 36 East, NMPM, and the Texaco Producing Inc. O. L. Coleman Well No. 6 located in Unit B of Section 17, Township 21 South, Range 36 East, NMPM, which had initial potentials in the Eumont Gas Pool, respectively, of 2223 MCFGPD and 848 MCFGPD. ✓

(8) The applicant seeks the proposed acreage rededication for

the purpose of increasing the acreage dedicated to the proposed Meyer Bell Ramsay Well No. 5, thereby increasing the gas allowable assigned the well under the Division's gas proration system.

(9) By Order No. R-8170-G dated November 8, 1990, the Division approved a minimum gas allowable in the Eumont Gas Pool of 600 MCF gas per day per acreage factor of 1.0.

(10) The acreage proposed to be dedicated to the Bell Ramsay NCT-A Well Nos. 5 and 8, as described above, should provide sufficient gas allowable such that these marginal wells may be produced at capacity.

(11) All working interest owners owning an interest in the proposed proration units have consented to and agreed to the proposed acreage rededication.

(12) Doyle Hartman (Hartman), an offset operator, appeared at the hearing and presented evidence and testimony in opposition to the application; however, the objection by Hartman was contingent upon Division denial of a similar application filed by Hartman in Case No. 9994 which was heard by the Division on June 28, 1990. ✓

(13) The application of Hartman in said Case No. 9994 was approved by the Division by Order No. R-9332 entered on October 24, 1990.

(14) No other offset operator appeared at the hearing in opposition to the application.

(15) Approval of the application will enable the applicant to recover the remaining gas reserves underlying the proposed proration units, thereby preventing waste, and will not violate correlative rights.

(16) Division Order Nos. NSP-261, NSP-287 and R-850 should be superseded by this order.

(17) The subject 160 and 240-acre non-standard gas proration units should be assigned acreage factors of 1.0 and 1.5, respectively, in the Eumont Gas Pool for the purpose of assigning gas allowable.

IT IS THEREFORE ORDERED THAT:

(1) A non-standard 160-acre gas spacing and proration unit comprising Lots 12 and 13 and the W/2 SW/4 of said Section 4, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established and simultaneously dedicated to the existing Bell Ramsay NCT-A Well No. 5 located at a standard gas well location 660 feet from the South and West lines (Unit U), and to the existing Bell Ramsay NCT-A Well No. 8 located at an unorthodox gas well location 3258 feet from the North line and 660 feet from the West line (Unit L), both wells in said

Section 4.

(2) A non-standard 240-acre gas spacing and proration unit comprising the NW/4 and E/2 SW/4 of Section 9, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established and dedicated to the Meyer Bell Ramsay Well No. 5 to be drilled at a standard gas well location 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 9.

(3) Division Order Nos. NSP-261, NSP-287 and R-850 are hereby superseded by this order.

(4) The 160 and 240-acre non-standard gas proration units as described above shall be assigned acreage factors of 1.0 and 1.5, respectively, in the Eumont Gas Pool for the purpose of assigning gas allowable.

(5) The gas allowable assigned to the 160-acre non-standard gas proration unit as described above may be produced from the Bell Ramsay NCT-A Well Nos. 5 & 8 in any proportion.

(6) 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

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