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October 12, 1990

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

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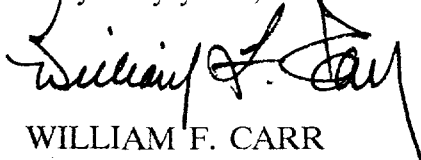
OIL CONSERVATION DIV.  
SANTA FE

Re: In the Matter of the Application of ARCO Oil & Gas Company for  
Amendment of the Special Rules and Regulations for the Empire-Abo  
Pressure Maintenance Project (Orders No. R-4549 through R-4549-F), Eddy  
County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Amended Application of ARCO Oil & Gas Company in the  
above-referenced case. ARCO Oil & Gas Company respectfully requests that this matter  
be placed on the docket for the Examiner hearings scheduled on October 31, 1990.

Very truly yours,

  
WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enc.: Gary B. Smallwood  
Ron Horn, Esq.

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 FOR  
AMENDMENT OF THE SPECIAL RULES AND  
REGULATIONS FOR THE EMPIRE-ABO  
PRESSURE MAINTENANCE PROJECT  
(ORDERS NO. R-4549 THROUGH R-4549-F),  
EDDY COUNTY, NEW MEXICO.

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OIL CONSERVATION DIV.  
NEW MEXICO

CASE NO. 16138

**AMENDED APPLICATION**

ARCO OIL & GAS COMPANY ("ARCO"), hereby makes application to the Oil Conservation Division for Amendment of the Special Rules and Regulations for the Empire-Abo Pressure Maintenance Project, Empire-Abo Pool, promulgated by Division Order Nos. R-4549 through R-4549-F, to permit the withdrawal of extraneous gas during winter months and the make-up of amounts withdrawn by injection of additional gas during the succeeding months and in support thereof states:

1. ARCO is the operator of the Empire-Abo Pressure Maintenance Project, Empire-Abo Pool, which was authorized by the Division by Order No. R-4549 and is governed by operating rules contained in Special Rules and Regulations set forth in Division Orders Nos. R-4549-A through R-4549-F.

2. ARCO entered a Gas Injection Agreement with Southern Union Gas Company, now Gas Company of New Mexico ("GCNM") in January 1976 by which GCNM was permitted to inject gas into the Unit. GCNM is permitted to withdraw such injected

gas in accordance with the Gas Injection Agreement.

3. By Order No. R-4549-F the withdrawal of specified volumes of extraneous gas was authorized under limited conditions and circumstances.

4. During recent winters the need for natural gas by GCNM from this unit has occurred and, with approval from the Division, withdrawals of volumes in excess of the amounts authorized by Order No. R-4549-F subject to subsequent reinjection of withdrawn amounts plus a fuel volume amount.

5. To meet the needs of GCNM for natural gas during each winter season ARCO seeks amendment of the Special Rules and Regulations for the Empire-Abo Pressure Maintenance Project to authorize:

- a. Permit GCNM, during each of the winter seasons (November 1 to March 31) of 1990-1996, to withdraw up to 300,000 MCF, which volume must be fully replaced during the next succeeding summer season (April 1 - October 31) at a rate not to exceed 2,300 MCFD.
- b. Permit the withdrawal of up to 800,000 MCF during each of the winter seasons of 1996-1998 which volume must be fully replaced during the next succeeding summer season at a rate not to exceed 5,500 MCFD.
- c. Provide that GCNM will, each summer season,

in addition to complete replacement of the volumes withdrawn during the immediately preceding winter season, inject an additional volume of gas equal to 12% of the volume withdrawn and replaced to compensate the Empire-Abo Unit for any fuel used, shrinkage, metering errors, etc. which additional volume will become the property of the Empire-Abo Unit working interest owners.

- d. Provide that until any withdrawn gas is replaced along with the additional 12% volume that no further gas may be withdrawn.
- e. Provide that withdrawal under the original Gas Injection Agreement will be activated as of the earliest of (i) the date the Pressure Maintenance Project ceases, or (ii) November 1, 1998.

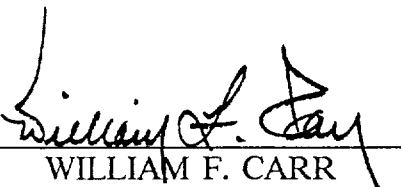
6. Approval of this application will not cause the waste of hydrocarbons, will protect the correlative rights of all interest owners in this pool, will enable GCNM to better serve its natural gas customers and is in the best interest of conservation of oil and natural gas.

WHEREFORE, ARCO Oil & Gas Company hereby requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on

October 31, 1990, and that, after notice and hearing as prescribed by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:   
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ATTORNEYS FOR ARCO  
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