

CAMPBELL & BLACK, P.A.

LAWYERS

JACK A. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
RUTH S. MUSGRAVE
LOURDES A. MARTINEZ

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 1, 1985

HAND DELIVERED

R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

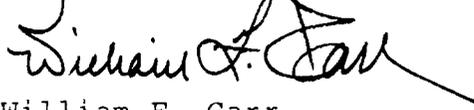
Re: Application of Arco Oil and Gas Co. for Pool Creation,
Special Pool Rules and Discovery Allowable, Eddy County,
New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Arco Oil and Gas Co. in the above-referenced case. Arco Oil and Gas Co. respectfully requests that this matter be included on the docket for the March 13, 1985 examiner hearings.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC/cv
enclosures

cc: Mr. David Douglass
Mr. Terry Green

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

IN THE MATTER OF THE APPLICATION
OF ARCO OIL AND GAS CO. FOR POOL
CREATION, SPECIAL POOL RULES AND
DISCOVERY ALLOWABLE, EDDY COUNTY
NEW MEXICO.

Case _____

APPLICATION

Comes now, ARCO OIL AND GAS CO., by its undersigned attorneys, and hereby makes application for an order designating a new pool as a result of the discovery of hydrocarbons in the Upper Pennsylvanian (Cisco) Formation in its Jackson Federal No. 1 Well located 660 feet from the North line and 2310 feet from the West line of Section 35, Township 17 South, Range 29 East, Eddy County, New Mexico, and for promulgation of special pool rules, including (1) 80-acre spacing or proration units on a permanent basis or, in the alternative, on a temporary basis, (2) the dedication of all of the E/2 NW/4 of said Section 35 to the Jackson Federal No. 1 Well, (3) special well location requirements, and (4) assignment of a discovery allowable to the Jackson Federal No. 1 Well, and in support of this application would show the Division:

1. Applicant has recently completed its Jackson Federal No. 1 Well in the Upper Pennsylvanian (Cisco) Formation capable of producing oil and gas in paying quantities located 660 feet from the North line and 2310 feet from the West line of Section 35,

Township 17 South, Range 29 East, Eddy County, New Mexico. Said well is producing through perforations from 9185 feet to 9215 feet and was potentialized as capable of producing 339 barrels of oil per day and 427 mcf of gas per day with 3 barrels of produced water.

2. Applicant believes that the following described lands are reasonably proven to be productive of oil and gas in paying quantities from the Upper Pennsylvanian (Cisco) Formation and should be included in the original definition of the new pool to be created because of said discovery:

Township 17 South, Range 29 East, N.M.P.M.
Section 35: E/2 NW/4

3. In order to prevent economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and to otherwise prevent waste and protect correlative rights, special pool rules and regulations providing for 80-acre spacing units should be promulgated for the new pool.

4. Applicant requests that a discovery allowable be assigned to said Jackson Federal No. 1 Well.

5. Applicant also requests that special well location requirements be promulgated which provide for wells to be located on proration units consisting of the E/2 or W/2 of each quarter section and that the wells be located in either the NE/4 or the SW/4 of each quarter section.

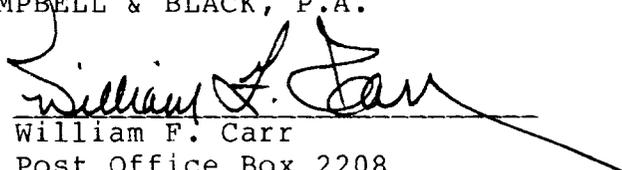
WHEREFORE, Arco Oil and Gas Co. requests that this application be set for hearing before a duly appointed examiner of the

Oil Conservation Division on March 13, 1985, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted

CAMPBELL & BLACK, P.A.

By


William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87501

(505) 988-4421

ATTORNEYS FOR ARCO OIL AND GAS
CO.