

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8676
Order No. R-8105

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR POOL CREATION, SPECIAL
POOL RULES, AND THE CONTRACTION OF
THE VERTICAL LIMITS OF THE SCHARB-
WOLFCAMP POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on August 14, 1985, and on September 11, 1985, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and Gilbert P. Quintana, respectively.

NOW, on this 18th day of December, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners, 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, Southland Royalty Company, is the owner of certain oil and gas interests in portions of Sections 28, 29, 32, and 33, Township 18 South, Range 35 East, and in Sections 4 and 5, Township 19 South, Range 35 East, NMPM, all in Lea County, New Mexico.

(3) The Scharb-Wolfcamp Pool was created by Division Order No. R-6657, effective May 1, 1981, and the horizontal limits for said Pool, as currently defined, include the following described lands, in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 33: SW/4

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 4: N/2, SW/4
Section 5: E/2
Section 8: NE/4
Section 9: N/2, SE/4
Section 10: SW/4

(4) The applicant seeks the contraction of the vertical limits of said Scharb-Wolfcamp Pool which underlay those portions of Section 33, Township 18 South, Range 35 East, NMPM, and Sections 4 and 5, Township 19 South, Range 35 East, NMPM, all in Lea County, New Mexico.

(5) The applicant further seeks an order creating a new oil pool for Lower Wolfcamp production comprising Sections 28, 29, 32, and 33, Township 18 South, Range 35 East, NMPM, and Sections 4 and 5, Township 19 South, Range 35 East, NMPM, all in Lea County, New Mexico, and the promulgation of special rules for said pool, including a provision for 80-acre well spacing and proration units.

(6) The applicant is the owner and operator of the Peoples "32" State Well No.1 located 660 feet from the South and East lines (Unit P) of Section 32 and the Peoples "33" State Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 33, both in Township 18 South, Range 35 East, NMPM.

(7) Although said wells are either located within the boundary or within a mile to the boundary of said Scharb-Wolfcamp Pool, the evidence presented at the hearing indicates that said wells are producing from a zone of highly fractured white sucrosic dolomite immediately underlying a thin layer of chert within the Wolfcamp formation.

(8) Said "white dolomite" section within the Wolfcamp formation appears to be separated vertically from the main oil producing zones of the Scharb-Wolfcamp by 300 to 600 feet of interbedded shales and carbonates in the applicant's wells.

(9) Based upon the geologic evidence presented at the hearings however, there is insufficient geological control in this area especially to the south to determine the horizontal extent of the "white dolomite" section within the Wolfcamp formation.

(10) The applicant did not present evidence that no other wells within or within one mile of the Scharb-Wolfcamp Pool were not completed or had not been completed in the "white dolomite" section of the Wolfcamp formation.

(11) Absent evidence that the "white dolomite" is not interconnected with the main Wolfcamp pay in any other well or at any other location within the pool, the application should not be approved.

(11) This application should therefore be denied.

IT IS THEREFORE ORDERED THAT:

(1) The application of Southland Royalty Company for the contraction of the vertical limits of the Scharb-Wolfcamp Pool, the creation of a new oil pool for Lower Wolfcamp production comprising of Sections 28, 29, 32, and 33, Township 18 South, Range 35 East, NMPM and Sections 4 and 5, Township 19 South, Range 35 East, NMPM, all in Lea County, New Mexico, and the promulgation of special pool rules therefor including a provision for 80-acre spacing is hereby denied.

(2) 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 herein-
above designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS
Director