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December 27, 1985

HAND DELIVERED

R. L. Stamets, Director  
Oil Conservation Division  
New Mexico Department of  
Energy and Minerals  
State Land Office Building  
Santa Fe, New Mexico 87501

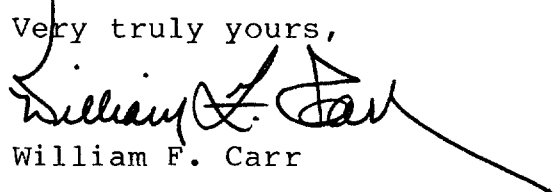
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DEC 27 1985  
OIL CONSERVATION DIVISION

Re: Application of Southland Royalty Company for  
Special Pool Rules, Lea County, New Mexico

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Southland Royalty Company in the above-referenced case. Southland Royalty Company respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on January 9, 1986.

Very truly yours,

  
William F. Carr

WFC/cv  
enclosures

cc: (w/enclosure)  
Mr. Trey Shepherd  
Southland Royalty Company  
21 Desta Drive  
Midland, Texas 79705

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

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IN THE MATTER OF THE APPLICATION  
OF SOUTHLAND ROYALTY COMPANY FOR  
SPECIAL POOL RULES, LEA COUNTY,  
NEW MEXICO

Case 8802

APPLICATION

Comes now, SOUTHLAND ROYALTY COMPANY, by its undersigned attorneys, and hereby makes application for an order promulgating special pool rules for the South Corbin-Wolfcamp Pool, Lea County, New Mexico, including 80-acre spacing or proration units on a permanent basis or, in the alternative, on a temporary basis, and in support of this application, would show the Division:

1. The South Corbin-Wolfcamp Pool was created by Oil Conservation Division Order R-3342, dated December 1, 1967, and has been expanded from time to time to include the following lands in Lea County, New Mexico:

Township 18 South, Range 33 East, N.M.P.M.

Section 17: SW/4  
Section 18: E/2  
Section 20: S/2, NW/4  
Section 21: S/2  
Section 28: W/2  
Section 29: NE/4  
Section 33: W/2, SE/4

2. That although this pool has been governed by statewide 40-acre oil well spacing rules, the effective spacing pattern for the pool has been 80-acre spacing or greater.

3. Applicant has recently drilled and completed a well in Section 17, Township 18 South, Range 33 East, N.M.P.M., in the Wolfcamp formation, South Corbin-Wolfcamp Pool, capable of producing oil in paying quantities.

4. Initial information on the producing capabilities of this new Wolfcamp well indicates that it will efficiently and effectively drain in excess of 40-acres in the Wolfcamp formation.


5. 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 South Corbin-Wolfcamp Pool.

6. Applicant respectfully requests that the special pool rules provide that each well should be located on a standard unit containing 80 acres more or less, consisting of two contiguous governmental quarter sections and that the well may be located within 150 feet of the center of either quarter section of the 80-acre spacing unit.

WHEREFORE, Southland Royalty Company requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on January 9, 1986, that notice be given as required by law and the rules of the Division, and that after hearing 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 SOUTHLAND  
ROYALTY COMPANY

CASE 9224: (Continued from September 23, 1987, Examiner Hearing)

Application of Robert N. Enfield for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 7, Township 19 South, Range 27 East, Undesignated McMillan-Upper Pennsylvanian Pool (which is approximately 4.5 miles northeast of Lakewood, New Mexico), the N/2 of said Section 7 to be dedicated to the well.

CASE 3874: (Reopened)

In the matter of Case 8874 being reopened pursuant to the provisions of Division Order No. R-639-C, which order reclassified the Crosby-Devonian Gas Pool in Lea County as an associated pool. Interested parties may appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders Nos. R-639, as amended, and R-8170, as amended.

CASE 8802: (Reopened)

In the matter of Case 8802 being reopened pursuant to the provisions of Division Order No. R-8181-B, which order promulgated temporary special rules and regulations for the South Corbin-Wolfcamp Pool in Lea County, including a provision for 80-acre spacing units. Interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 9235: Application of Conoco Inc. for an exception to Division Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of water produced in conjunction with the production of oil and gas from its Buffalo Federal Lease into an unlined pit located in the NW/4 SW/4 of Section 18, Township 18 South, Range 32 East. Said area is located on the Lea County side of the Lea/Eddy County line approximately 3.75 miles south of Mile Post No. 4 located on New Mexico Highway 529.

CASE 9202: (Continued from September 23, 1987, Examiner Hearing)

Application of Meridian Oil Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the NE/4 NE/4 (Unit A) of Section 35, Township 18 South, Range 35 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately one mile north from the junction of New Mexico Highways Nos. 8 and 529.

CASE 9123: (Continued from September 9, 1987, Examiner Hearing)

Application of Curtis J. Little for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1-E, located 1850 feet from the South line and 800 feet from the East line (Unit I) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9124: (Readvertised)

Application of Rocanville Corporation for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the NE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1, located 1100 feet from the North line and 990 feet from the East line (Unit A) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9168: (Continued from September 9, 1987, Examiner Hearing)

Application of J. (James) A. Davidson for a determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as an interested owner in the Marathon Oil Company Benson Well No. 1 located 330 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 16 South, Range 38 East (located approximately 2 1/2 miles south of the old Hobbs Army Air Corps Auxiliary Airfield No. 1 on State Highway No. 132), which was drilled pursuant to the compulsory pooling provisions of Division Order No. R-8282, as amended, seeks an order ascertaining the reasonableness of actual well costs for the subject well.

CASE 3668: (Reopened) (Continued from September 9, 1987, Examiner Hearing)

In the matter of Case No. 8668 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8031, issued in said Case No. 8668 and dated September 27, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 SE/4 (Unit P) of Section 23, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said well is located approximately 4 miles east of Jal, New Mexico.

CASE 3769: (Reopened) (Continued from September 9, 1987, Examiner Hearing)

In the matter of Case No. 8769 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8091, issued in said Case No. 3769 and dated December 6, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 NE/4 (Unit H) of Section 26, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said well is located approximately 4 miles east of Jal, New Mexico.

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Docket No. 31-87

DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 15, 1987

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 9134: (Continued from September 24, 1987, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1207(a)7 regarding notice to royalty interest owners.