

NEW MEXICO OIL CONSERVATION DIVISION  
CASE 9334  
MARCH 16, 1988

NON-STANDARD PRORATION UNITS

ALTERNATIVES FOR S/2 S/2 SECTION 2, T25N, R3W

ALTERNATIVE 1: CREATE TWO NON-STANDARD 80-ACRE PRORATION UNITS.

THIS WILL CAUSE THE DRILLING OF AN ADDITIONAL WELL IN THE SW/4 WHICH IS NOT NECESSARY.

ALTERNATIVE 2: CREATE A LONG RECTANGULAR NON-STANDARD 160-ACRE PRORATION UNIT.

THIS WILL CAUSE ALLOWABLES DEDICATED TO WELLS IN SW/4 OR SE/4 TO EXCEED THE ALLOWABLE OF AN OFFSETTING STANDARD 160-ACRE UNIT WITH POTENTIAL VIOLATION OF CORRELATIVE RIGHTS.

**Amoco Production Company**

Denver Region  
1670 Broadway  
P.O. Box 800  
Denver, Colorado 80201  
303-830-4040

Federal Express

January 28, 1988

Mr. William J. Lemay, Director  
New Mexico Oil Conservation Division  
PO Box 2088  
Santa Fe, New Mexico 87504-2088

File: NWA-44-986.511

Application of Curtis J. Little Oil & Gas for  
Non-Standard 80-acre Oil Proration Unit (Case 9302)  
West Lindreth Gallup Dakota Oil Pool  
Rio Arriba County, New Mexico

Amoco Production Company hereby requests to become a party of record to the NMOCD Case 9302, application by Curtis J. Little Oil and Gas Company for a Non-Standard 80-acre Oil Proration unit comprising the SW/4 NE/4 and the SE/4 NW/4 of Section 1, T25N, R3W, Lindreth Gallup-Dakota Oil Pool, to be dedicated to the Little-Hurt Federal No. 1 well located 2900 feet FNL and 1650 feet FEL of Section 1. Instead of appearing personally at the Examiner hearing scheduled for 2/3/88, Amoco requests that this letter be made a part of the official record and be read into the transcript of the hearing in Case No. 9302.

Amoco is an affected offset leaseowner in the E/2 SE/4 of Section 1, T25N, R3W in the West Lindreth Pool. Amoco also is an immediate offset leaseowner to the north in the N.E. Ojito Gallup Dakota Oil Pool and to the east in the Gavilan-Mancos Oil Pool.

Case 9227, Order No. R-4314-A, Rule 2 states that each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter-section being a legal subdivision of the United States Public Land Surveys.

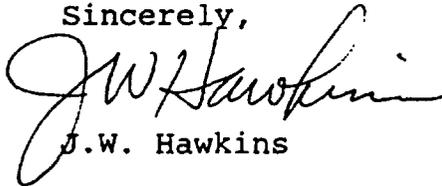
Amoco is concerned that the granting of C.J. Little Oil and Gas Company's application for this non-standard 80-acre proration unit may allow disproportionate withdrawals from wells located in the NE/4 of Section 1 compared to the acreage contained within that NE/4 section. This happens as a result of dedicating 40 acres in the NW/4 of Section 1 to the

allowable assigned to a well or wells located in the NE/4 of Section 1. Depending on the producing capacities of the wells in that area, this could cause a violation of Amoco's correlative rights as an affected offset owner.

Amoco is also concerned that granting this application might allow the operator to circumvent the gas allowable restrictions established in Case No. 9227, Order No. R-4313-A, Rule 8. It is improper to avoid those buffer rules by joining a tract with a 40-acre tract outside of the buffer area.

We have discussed this matter with Mrs. Sylvia Little of the Curtis J. Little Oil and Gas Company. In these discussions, Mrs. Little indicated that the Little-Hurt Federal No. 1 well's productive capacity does not exceed a 40-acre prorated share of the West Lindreth Gallup Dakota Pool's 160 acre allowable. Since the proposed non-standard 80-acre proration unit contains only 40 acres in the NE/4 of Section 1 upon which the well is located, the current withdrawals appear to be proportionate with acreage contained in the NE/4 of Section 1. Based on the information furnished by Mrs. Little, there does not appear to be a violation of Amoco's correlative rights at this time. Amoco does not at this time object to Little's application. However, should there be any changes in the Little-Hurt Federal No. 1 well's productive capacity in the future, or should there be additional drilling in the SW/4 NE/4 of Section 1 which results in withdrawals exceeding a 40-acre prorated share of the West Lindreth Gallup Dakota Pool's 160 acre allowable, Amoco reserves the right to challenge this matter at some future date.

Sincerely,



J.W. Hawkins

JWH/ae

cc: Curtis J. Little Oil and Gas  
William F. Carr  
JD HAMRICK