

Called on by Conrad Coffield
5/28/85

June 19, 1985

Memo

From
FLORENE DAVIDSON
Staff Specialist

To

Amerind Oil Co.

Compulsory Pooling

5/2 NW/4

28-165-37E

Lea County

~~Pennsylvanian~~ formation
Strawn

NE Lovington-

Pennsylvanian
Pool

Oil Conservation Santa Fe, New Mexico



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

June 21, 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Conrad E. Coffield
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
Post Office Box 3580
Midland, Texas 79702

Re: CASE NO. 3626
d ORDER NO. R-7965

Applicant:

Amerind Oil Co.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

B. L. Hunt

R. L. STAMETS
Director

RLS / fd

Copy of order also sent to:

Hobbs OCD _____ **x** _____
 Artesia OCD _____ **x** _____
 Aztec OCD _____

Other _____

CEDAR CANYON-MORROW GAS POOL
Eddy County, New Mexico

Order No. R-4477-A, Rescinding the Temporary Operating Rules Adopted for the Cedar Canyon-Morrow Gas Pool, Eddy County, New Mexico, March 1, 1975.

In the Matter of Case 4899 Being Reopened Pursuant to the Provisions of Order No. R-4477, Which Order Established Temporary Special Pool Rules for the Cedar Canyon-Morrow Gas Pool, Including a Provisions for 640-Acre Spacing Units.

CASE NO. 4899 (Reopened)
Order No. R-4477-A

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on February 5, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of February, 1975, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4477, dated February 14, 1973, temporary special rules and regulations were promulgated for the Cedar Canyon-Morrow Gas Pool, Eddy County, New Mexico, establishing temporary 640-acre spacing units.

(3) That pursuant to the provisions of Order No. R-4477, this case was reopened to allow the operators in the subject pool to appear and show cause why the Cedar Canyon-Morrow Gas Pool should not be developed on 320-acre spacing units.

(4) That the evidence presented establishes that neither of the two completed wells in said pool is draining as much as 320 acres.

(5) That the evidence establishes that one well in the Cedar Canyon-Morrow Gas Pool cannot efficiently and economically drain and develop 640 acres.

(6) That in order to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-4477 should be rescinded and said pool should be governed by the Statewide Rules for gas pools in the State effective March 1, 1975.

IT IS THEREFORE ORDERED:

(1) That effective March 1, 1975, the Special Rules and Regulations governing the Cedar Canyon-Morrow Gas Pool, Eddy County, New Mexico, promulgated by Order No. R-4477, are hereby rescinded and the pool is placed under Statewide Rules for gas pools in the State.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

CASEY-STRAWN POOL
Lea County, New Mexico

Order No. R-4992, Creating and Adopting Temporary Operating Rules for the Casey-Strawn Pool, Lea County, New Mexico, April 1, 1975.

Order No. R-4992-A, April 27, 1976, makes permanent the rules adopted in Order No. R-4992.

Application of C & K Petroleum, Inc., for Pool Creation and Special Pool Rules, Lea County, New Mexico.

CASE NO. 5446
Order No. R-4992

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on March 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of April, 1975, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, C & K Petroleum, Inc., seeks the creation of a new oil pool for Strawn production in Lea County, New Mexico.

(3) That the applicant also seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.

(4) That the evidence presently available indicates that the Shipp "27" Well No. 1, located in Unit O of Section 27, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Casey-Strawn Pool; that the vertical limits of said pool should be the Strawn formation as found on the log of said Shipp "27" Well No. 1 from 11,326 to 11,762 feet, and that the horizontal limits of said pool should be the SE/4 of said Section 27.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Casey-Strawn Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(CASEY-STRAWN POOL - Cont'd.)

(8) That this case should be reopened at an examiner hearing in April, 1976, at which time the operators in the subject pool should be prepared to appear and show cause why the Casey-Strawn Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production, is hereby created and designated the Casey-Strawn Pool, with vertical limits comprising the Strawn formation as bound on the log of the Shipp "27" Well No. 1, located in Unit O of Section 27, Township 16 South, Range 37 East, NMPM, from 11,326 to 11,762 feet, and horizontal limits comprising the following-described area:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 27: SE/4

(2) That temporary Special Rules and Regulations for the Casey-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
CASEY-STRAWN POOL

RULE 1. Each well completed or recompleted in the Casey-Strawn Pool or in the Atoka formation within one mile thereof, and not nearer to or within the limits of another designated Strawn oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 445 barrels per day, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Casey-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 15, 1975.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Casey-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Casey-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in April, 1976, at which time the operators in the subject pool should be prepared to appear and show cause why the Casey-Strawn Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.