

For Examiner Hearing, November 5, 1986

Case \_\_\_\_\_

Application of P-R-O Management, Inc.,  
and Oklahoma Oil Co. for ten non-standard  
gas proration units, San Juan County, New  
Mexico.

Applicants, in the above-styled cause, seek the formation of  
ten non-standard gas proration units to be created by  
splitting five existing standard proration units in the  
Blanco Mesaverde and Basin Dakota Gas Pools and dedicating  
each of the units thus formed to either the original unit  
well or the existing infill well.

Existing units and proposed units are as follows:

In the Basin Dakota Pool:

the N/2 Sec. 19, Twp. 27 N., Rge. 11 W., NMPM, to be split  
into the NE/4 and NW/4 of said Sec. 19 and dedicated to the  
Oklahoma Oil Co. Federal No. 1 in Unit G and the P-R-O  
Management Federal No. 1-E in Unit C, respectively;

the E/2 Sec. 5, Twp. 30 N., Rge. 13 W., NMPM, to be split  
into the NE/4 and SE/4 of said Sec. 5 and dedicated to the  
Oklahoma Knight No. 1 in Unit A and the P-R-O Knight No. 1-E  
in Unit I, respectively;

the S/2 Sec. 21, Twp. 31 N., Rge. 13 W., NMPM, to be split  
into the SW/4 and SE/4 of said Sec. 21 and dedicated to the  
Oklahoma Johnson No. 1 in Unit M and the P-R-O Johnson No.  
1-E in Unit P, respectively;

and the S/2 Sec. 11, Twp. 31 N., Rge. 13 W., NMPM, to be  
split into the SW/4 and SE/4 of said Sec. 11 and dedicated  
to the Oklahoma Nickles No. 1 in Unit K and the dually  
completed P-R-O Nickles No. 1-M in Unit O, respectively.

In the Blanco Mesaverde Pool:

the S/2 Sec. 11, Twp. 31 N., Rge. 13 W., NMPM, to be split  
into the SW/4 and SE/4 of said Sec. 11 and dedicated to the  
Oklahoma Nickles No. 1 in Unit K and the dually completed  
P-R-O Nickles No. 1-M in Unit O, respectively.

Applicants further seek the assignment of 160-acre acreage  
factors and individual acreage-deliverability factors to  
each of the proposed non-standard proration units, and the  
approval of the location for any well which may be rendered  
unorthodox as the result of splitting the existing proration  
units.



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

November 3, 1986

TONEY ANAYA  
GOVERNOR

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

Campbell & Black, P.A.  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208

Attn: Peter Ives

Re: Division Cases Nos. 9026, 9027,  
9028, and 9029

Dear Mr. Ives,

Per our telephone conversation today, the subject cases will require readvertisement showing the request for the variance in the allowable formula. These cases will be called at the December 3, 1986 hearing, no additional testimony will be required unless there is an objection. The record on these cases shall be open pending the December continuance.

If you should have any questions concerning this matter, please contact me.

Sincerely,

Michael E. Stogner  
Petroleum Engineer

MES/et

cc: Jeff Taylor  
Dan Nutter  
Vic Lyon

MAILING LIST, OFFSET OPERATORS  
APPLICATION OF  
P-R-O MANAGEMENT, INC., AND OKLAHOMA OIL CO.  
FOR TEN NON-STANDARD GAS PRORATION UNITS

Amoco Production Co.  
501 Airport Drive  
Farmington, NM 87401

Beta Development Co.  
125 Petroleum Plaza  
Farmington, NMN 87401

BHP Petroleum (Americas) Inc.  
Suite 600 5613 DTC Parkway  
Englewood, CO 80111

Columbus Energy Corp.  
P.O. Box 2038  
Farmington, NM 87499

Dugan Production Corp.  
P.O. Box 208  
Farmington, NM 87499

El Paso Natural Gas Co.  
P.O. Box 990  
Farmington, NM 87401

Jerome P. McHugh  
P.O. Box 809  
Farmington, NM 87499

C. M. Paul  
1100 Western United Life Bldg.  
Midland, TX 79701

R & G Drilling Co.  
P.O. Drawer 419  
Farmington, NM 87499

Southland Royalty Co.  
P.O. Drawer 570  
Farmington, NM 87401

Southwest Production Co.  
2706 National Circle  
Garland, TX 75041

Texaco Inc  
Box 2100  
4601 DTC Blvd.  
Denver, CO 80201

Union Texas Producing Co.  
P.O. Box 1290  
Farmington, NM 87499

**DANIEL S. NUTTER**  
REGISTERED PETROLEUM ENGINEER  
PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES  
105 EAST ALICANTE  
SANTA FE, NEW MEXICO 87501  
PHONE (505) 982-0757

October 13, 1986

Case 9027

RECEIVED

OCT 14 1986

OIL CONSERVATION DIVISION

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

Re: Application of P-R-O Management, Inc.,  
and Oklahoma Oil Company For Ten Non-  
Standard Gas Proration Units, San Juan  
County, New Mexico

Dear Mr. Stamets:

P-R-O Management, Inc., and Oklahoma Oil Company have made an agreement whereby P-R-O Management will assume operation of the infill wells and Oklahoma Oil will retain operation of the original wells on four 320-acre standard proration units in the Basin Dakota Gas Pool and one 320-acre unit in the Blanco Mesaverde Gas Pool. The agreement further calls for the creation of two separate 160-acre non-standard proration units out of the acreage previously contained in each of the original units.

We are proposing that ten non-standard proration units in said pools be established and dedicated to the indicated wells as follows:

In the Basin Dakota Gas Pool:

X From the current 320-acre unit comprising the N/2 of Section 19, Township 27 North, Range 11 West, NMPM, create two 160-acre units comprising the NE/4 and NW/4 of said Section 19, to be dedicated, respectively, to Oklahoma Oil Company's Federal Well No. 1, located 1850 feet from the North line and 1850 feet from the East line (Unit G) of said Section 19, and to P-R-O Management, Inc.'s Federal Well No. 1-E, located 1120 feet from the North line and 2300 feet from the West line (Unit C) of said Section 19;

X From the current 320-acre unit comprising the E/2 of Section 5, Township 30 North, Range 13 West, NMPM, create two 160-acre units comprising the NE/4 and SE/4 of said Section 5, to be dedicated, respectively, to Oklahoma's Knight Well No. 1, located 925 feet from the North line and 920 feet from the East line (Unit A) of said Section 5, and to P-R-O's Knight Well No. 1-E, located 1820 feet from the South line and 690 feet from the East line (Unit I) of said Section 5;

X From the current 320-acre unit comprising the S/2 of Section 21, Township 31 North, Range 13 West, NMPM, create two 160-acre units comprising the SW/4 and SE/4 of said Section 21, to be dedicated, respectively, to Oklahoma's Johnson Well No. 1, located 885 feet from the South line and 800 feet from the West line (Unit M) of said Section 21, and to P-R-O's Johnson Well No. 1-E, located 1120 feet from the South line and 1120 feet from the East line (Unit P) of said Section 21;

From the current 320-acre unit comprising the S/2 of Section 11, Township 31 North, Range 13 West, NMPM, create two 160-acre units comprising the SW/4 and SE/4 of said Section 11, to be dedicated, respectively, to Oklahoma's Nickles Well No. 1, located 1450 feet from the South line and 1730 feet from the West line (Unit K) of said Section 11, and to P-R-O's Well No. 1-M, located 800 feet from the South line and 1570 feet from the East line (Unit O) of said Section 11. This well, the No. 1-M, is a dual completion in the Blanco Mesaverde and Basin Dakota pools.

In the Blanco Mesaverde Gas Pool:

From the current 320-acre unit comprising the S/2 of Section 11, Township 31 North, Range 13 West, NMPM, create two 160-acre units comprising the SW/4 and SE/4 of said Section 11, to be dedicated, respectively, to Oklahoma's Nickles Well No. 1, located 1450 feet from the South line and 1730 feet from the West line (Unit K) of said Section 11, and to P-R-O's Well No. 1-M, located 800 feet from the South line and 1570 feet from the East line (Unit O) of said Section 11. This is the well referred to in the above paragraph as being a Mesaverde-Dakota dual completion.

In this application, P-R-O Management and Oklahoma Oil are requesting that each of the above described non-standard gas proration units be assigned an acreage factor for allowable purposes in the same proportion that the acreage in the non-standard unit bears to the acreage in a standard unit for the pool (320). We would also request that the deliverability used in the calculation of each non-standard unit's

R. L. Stamets  
October 13, 1986  
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allowable be the deliverability of the well on the unit. Further, that in the event any of the above wells are determined to be unorthodox locations as the result of dividing the previously approved proration units into two units, we would also request that approval be given to such locations inasmuch as the only possible affected party to any such unorthodox location would be either of the two co-applicants in this cause.

It is therefore respectfully requested that a case be docketed on the Oil Conservation Division Examiner hearing docket for November 5, 1986, to consider the creation of the above-described 160-acre non-standard gas proration units, and that subsequent to said hearing, an order be entered approving the units and wells as proposed.

A copy of this application has been furnished by certified mail to the offset operators in the affected pool for each of the proposed units. The mailing list for said offset operators is attached.

Very truly yours,

A handwritten signature in black ink, appearing to read "Daniel S. Nutter", with a stylized flourish at the end.

Daniel S. Nutter, P.E.

DSN:ms

cc: Mr. Thomas R. Lavery  
P-R-O Management, Inc.  
Box 158, Suite 1313  
Glen Lakes Tower  
9400 N. Central Expressway  
Dallas, TX 75231

William F. Carr, Esq.  
Campbell & Black, P.A.  
P.O. Box 2208  
Santa Fe, NM 87504



**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

3001 Northridge Drive  
P.O. Drawer 419  
Farmington, New Mexico 87401  
(505) 327-4892

October 27, 1986

Mr. R. L. Stamets, Director  
Oil Conservation Division  
Energy and Minerals Department  
P. O. Box 2088  
Santa Fe, New Mexico 87501

REF: Application of P-R-O Management, Inc.  
and Oklahoma Oil Company for Ten Non-  
Standard Gas Proration Units, San Juan  
County, New Mexico  
Case No. 9026 and 9027

Dear Mr. Stamets:

On behalf of R & G Drilling Company, you are advised that R & G Drilling Company has no objection to the applications in the above-referred-to cases.

R & G Drilling Company is Operator of the W/2, Section 5-T30N-R13W.

Your approval of the application would be appreciated.

Very truly yours,

Ewell N. Walsh, P.E.  
President

ENW:rr

cc: Daniel S. Nutter, P.E.

Mr. Thomas R. Lavery, P-R-O Management, Inc.

William F. Carr, Esq., Attorney

R & G Drilling Company



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

TONEY ANAYA  
GOVERNOR

January 27, 1987

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

Mr. Peter Ives  
Campbell & Black  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico

Re: CASE NO. 9027  
ORDER NO. R-8337

Applicant:

P-R-O Management, Inc.

Dear Sir:

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

Sincerely,

R. L. STAMETS  
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD X  
Artesia OCD X  
Aztec OCD X

Other \_\_\_\_\_  
\_\_\_\_\_