



Production Department
Hobbs Division
North American Production

Conoco Inc.
P.O. Box 460
726 East Michigan
Hobbs, NM 88240
(505) 393-4141

May 17, 1988

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Case 9409

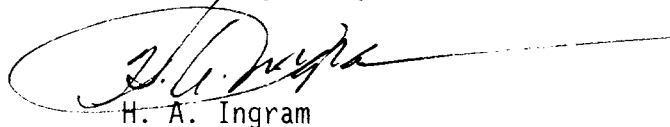
Attention David R. Catanach

Dear Mr. Catanach:

Application for Approval of Unorthodox Location and Simultaneous Dedication
of Acreage - Eaves "A" Well No. 16, Unit F, Section 19, T26S, R37E, Lea
County, New Mexico

Attached are three copies of the subject Application for Examiner Hearing.
Please place this matter on the docket for June 8, 1988. Copies of this
Application have been sent to other working interest owners and the BLM by
certified mail.

Yours very truly,



H. A. Ingram

HAI/cln

Attachment

cc: Amoco, Arco, Chevron, BLM, Tom Kellahin



Production Department
Hobbs Division
North American Production

Conoco Inc.
P.O. Box 460
726 East Michigan
Hobbs, NM 88240
(505) 393-4141

JLC

May 24, 1988

Case 9409

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

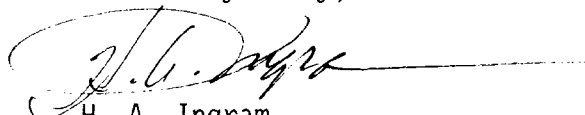
Attention David R. Catanach

Dear Mr. Catanach:

Application for Approval of Unorthodox Location and Simultaneous Dedication of Acreage - Eaves "A" Well No. 16, Unit F, Section 19, T26S, R37E, Lea County, New Mexico

Please refer to our Application for Examiner Hearing for the subject well dated May 17, 1988. Subsequent to filing that Application we were informed by the archaeologist that it would be necessary to move the chosen location 100' north in order to avoid some fossilized remains of early man. The revised location will be 1550' FNL and 2460' FWL of Section 19, T-26S, R-37E, Lea County, New Mexico.

Yours very truly,


H. A. Ingram
Conservation Coordinator

/tm

cc: Amoco, ARCO, Chevron, BLM, Tom Kellahin

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



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

Conoco Inc.

FLORENE DAVIDSON
OC Staff Specialist

Other _____

Called in by Nugh ~~xxxx~~
5/16/88

Memo

From
FLORENE DAVIDSON
OC Staff Specialist

To June 8, 1988

Conoco Inc.

Unorthodox Oil Well
Location and Simultaneous
Dedication

Lea County

Caves "A" # 16

1650/N + 2460/W

19-265 - 37E

Simultaneous Dedication
with existing 40-acre
proration unit in
Scarborough Yates - Seven
Rivers Pool

Oil Conservation Division Santa Fe, New Mexico 87504-2088
827-5802

(EAST HIGHTOWER-UPPER PENNSYLVANIAN POOL- Cont'd.)

IT IS FURTHER ORDERED:
(1) That the locations of all wells presently drilling to or completed in the East Hightower-Upper Pennsylvanian Pool or in the Upper Pennsylvanian 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 of the location of the well and the location of the well on or before December 15, 1965.
(2) That each well presently drilling to or completed in the East Hightower-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.
(3) That this case shall be reopened at an examiner hearing in November, 1966, at which time the operators in the subject pool may appear and show cause why the East Hightower-Upper Pennsylvanian 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.

SCARBOROUGH YATES-SEVEN RIVERS POOL
Lea County, New Mexico

Order No. R-2999, Creating and Adopting Operating Rules for the Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, December 1, 1965.

Order No. R-2999 superseded Order No. R-2947, August 16, 1965, setting the top allowable for Yates formation wells, Jalmat Gas Pool.

Special allowable not subject to market demand factor assigned, Order No. R-4348, September 1, 1972 (see Section D).
In the Matter of the Hearing Called by the Oil Conservation Commission on its own Motion for the Scarborough Yates-Seven Rivers Pool and for Special Pool Rules, Lea County, New Mexico.

CASE NO. 3316
Order No. R-2999

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on October 6, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 23rd day of November, 1965, 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-2947, the Commission established a top unit allowable of 128 barrels of oil per day for wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That said allowable was established pending a more definite determination of horizontal permeability in the Jalmat Gas Pool in Lea County, New Mexico, and the Scarborough Pool in Winkler County, Texas.

(4) That pursuant to the provisions of Order No. R-2947, further studies have been conducted to define the horizontal limits of these pools.

(5) That a new pool should be created in Lea County, New Mexico, and designated the Scarborough Yates-Seven Rivers Pool; that said pool is a separate common source of supply in New Mexico and is a portion of the common source of supply designated the Scarborough Pool in Winkler County, Texas.

(6) That special rules and regulations should be promulgated for the Scarborough Yates-Seven Rivers Pool in order to prevent waste and protect correlative rights.

(7) That oil wells completed in the Scarborough Pool in Winkler County, Texas, receive a per-acre allowable greater than the per-acre allowable that would be assigned under the Commission's General Rules and Regulations to oil wells completed in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico.

(8) That in order to prevent drainage and otherwise prevent waste and protect correlative rights, oil wells completed in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico, should be assigned a monthly allowable equal to the monthly per-acre allowable assigned to oil wells in the Scarborough Pool in Winkler County, Texas.

(9) That in order to afford to the owner of each property in the Scarborough Yates-Seven Rivers Pool the right to produce his just and equitable share of the oil and gas in the pool, and to otherwise prevent waste and protect correlative rights, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil should be established and all wells with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil should be classified as gas wells.

(10) 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, 40-acre oil well spacing units and 640-acre gas well spacing units should be established in the subject pool.

IT IS THEREFORE ORDERED:

(1) That a new pool is hereby created and designated the Scarborough Yates-Seven Rivers Pool, with vertical limits extending from the top of the Yates formation to the base of the

SCARBOROUGH YATES-SEVEN RIVERS POOL -
Cont'd.)

Seven Rivers formation, and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 18: E/2
Section 19: E/2
Section 24: E/2

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 7: W/2 and W/2 E/2
Section 18: W/2 and W/2 E/2
Section 19: W/4, W/2 NE/4, and S/2
Section 20: W/2 and SE/4
Section 30: N/2 and SE/4
Partial Section 31: E/2 and E/2 W/2
Partial Section 32: All
Partial Section 33: W/2 and W/2 E/2

(2) That the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, are hereby contracted to delete the above-described area.

(3) That Special Rules and Regulations are hereby promulgated for the Scarborough Yates-Seven Rivers Pool as follows:

SPECIAL RULES AND REGULATIONS

FOR THE

SCARBOROUGH YATES-SEVEN RIVERS POOL

RULE 1. Each well completed or recompleted in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico, within one mile of the Scarborough Yates-Seven Rivers Pool, and not nearer to or within the limits of another designated oil or gas pool comprising the Yates or the Seven Rivers formations, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed as an oil well shall be located on a standard unit comprising 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. Each well completed as a gas well shall be located on a standard unit comprising 640 acres, more or less, consisting of a governmental section.

RULE 4. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
(b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all disset operators and from all operators owning

interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(3) In view of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the application of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 5. Each well completed as an oil well shall be located no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 6. Each well completed as a gas well shall be located no nearer than 1980 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 7. The Secretary-Director may grant an exception to the requirements of Rule 6 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 mail, and the Secretary-Director 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 8. Each well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil shall be classified as a gas well.

RULE 9. The limiting gas-oil ratio for oil wells shall be 10,000 cubic feet of gas per barrel of oil.

RULE 10. The top allowable for oil wells shall be 128 barrels of oil per day.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Scarborough Yates-Seven Rivers Pool or in the Yates or the Seven Rivers formations within one mile of the Scarborough Yates-Seven Rivers Pool, and not nearer to or within the limits of another designated oil or gas pool comprising the Yates or Seven Rivers formations, are hereby approved; that the operation of any well having an unorthodox location shall be subject to the provisions of Rule 4. The Secretary-Director shall notify the Hobbs District Office of the location of the well, the name and location of the well on or before January 1, 1966.

(2) That Order No. R-2947 is hereby superseded.

(3) That the effective date of this order shall be 7:00 o'clock A.M., December 1, 1965.

(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.