

FOR THE RECORD

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12270
Order No. R-9009-B**

**APPLICATION OF BTA OIL PRODUCERS FOR RECISSION OF DIVISION
ORDERS NO. R-9009 AND R-9009-A, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 21, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 9th day of November, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant in this case, BTA Oil Producers ("BTA"), is the owner and operator of the Maxus "B" 8026 "JV-P" Well No. 1 (API No. 30-025-29807), Maxus "B" 8026 "JV-P" Well No. 2 (API No. 30-025-30032), and Maxus "B" 8026 "JV-P" Well No. 3 (API No. 30-025-30661), located in Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. BTA seeks rescission of Division Orders No. R-9009 and R-9009-A to enable it to operate the above-mentioned wells under the General Rules and Regulations of the Oil Conservation Division.

(3) The No. 1 and No. 2 wells currently produce from the Antelope Ridge-Atoka Gas Pool. The No. 3 well is currently shut-in.

(4) Pursuant to Division Order No. R-8331 issued in Case No. 9005 on November 4, 1986, the Division approved an unorthodox gas well location for the No. 1 well. It was drilled at an unorthodox location 660 feet from the South line and 660 feet from the East line (Unit P) of Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico to test the Antelope Ridge-Atoka Gas Pool. The S/2 of Section

34, forming a standard 320-acre gas spacing and proration unit, was dedicated to the No. 1 well.

(5) On March 13, 1987, Division Order No. R-8331 was amended by Division Order No. R-8331-A to include the Undesignated Antelope Ridge-Morrow Gas Pool.

(6) By letter from the Director of the Oil Conservation Division dated April 15, 1987, authorization was given to rededicate the E/2 of Section 34 to the No. 1 well in both the Atoka and Morrow zones.

(7) The No. 2 well was drilled at an unorthodox gas well location 990 feet from the South line and 1980 feet from the West line (Unit N) of Section 34 to test the Wolfcamp, Strawn, Morrow, and Atoka zones, as approved by Division Administrative Order No. NSL-2381 dated August 24, 1987. The W/2 of Section 34, forming a standard 320-acre gas spacing and proration unit, was dedicated to the No. 2 well.

(8) Division Order No. R-9009 issued in Case No. 9755 on October 3, 1989, provided the following:

- (a) approval of an unorthodox gas well location for the No. 3 well 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34 for the Antelope Ridge-Atoka Gas Pool and the Antelope Ridge-Morrow Gas Pool,
- (b) dedication of the N/2 of Section 34 to the No. 3 well; and
- (c) rededication of the S/2 of Section 34 in both the Atoka and Morrow zones to the No. 1 well.

This order also placed Division Administrative Order No. NSL-2381 and the letter from the Director of the Oil Conservation Division dated April 15, 1987 in abeyance until further notice and required the No. 2 well to be plugged and abandoned.

(9) The Division granted BTA a reprieve from the plugging requirement by determining the No. 2 well could be temporarily abandoned and still satisfy the provisions of Division Order No. R-9009.

(10) On February 21, 1992, Division Order No. R-9009 was amended by Division Order No. R-9009-A to include approval to alternately produce (one well shut-in while the other produces) the No. 1 well and No. 2 well from the Atoka zone. Also Paragraph No. 5 on page 3 of Division Order No. R-9009 was placed in abeyance until further notice.

(11) On November 18, 1992 the Division issued administrative amendments to Division Orders No. R-9009 and R-9009-A, which reoriented the spacing units to E/2 and

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W/2 units and supercedes Division Orders No. R-9009 and R-9009-A.

(12) By Division Order No. R-11231 issued in Case No. 12119 on August 12, 1999, the Oil Conservation Commission amended Rule 104 to authorize a second well on each 320-acre spacing and proration unit as long as the wells are in different quarter sections of the dedicated 320-acre unit.

(13) Since the General Rules and Regulations of the Division do not override orders of the Division that apply to specific wells and pools, BTA requests that Division Orders No. R-9009 and R-9009-A be rescinded to enable it to continuously and concurrently produce from the No. 1 and No. 3 wells from the Antelope Ridge-Atoka Gas Pool.

(14) This case was styled such that *"In the Absence of Objection, This Matter Will be Taken Under Advisement."*

(15) Legal counsel appeared on behalf of the applicant and presented evidence for admission in this case.

(16) Each interest owner within the pooled acreage was provided notice of this application and at the time of the hearing no other interested party entered an appearance in this matter or filed an objection to the application.

(17) This application should be approved and Division Orders No. R-9009 and R-9009-A should be rescinded.

(18) The No. 1 and No. 3 wells should be dedicated to the E/2 of Section 34 and the No. 2 well should be dedicated to the W/2 of Section 34.

(19) The acreage and well location requirements of the General Rules and Regulations of the Oil Conservation Division, as amended, should govern both pools and Section 34.

IT IS THEREFORE ORDERED THAT:

(1) Division Orders No. R-9009 and R-9009-A are hereby rescinded.

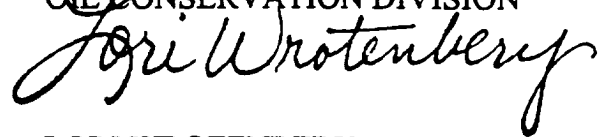
(2) The Maxus "B" 8026 "JV-P Well No. 1 (API No. 30-025-29807) and Maxus "B" 8026 "JV-P Well No. 3 (API No. 30-025-30661) wells shall be dedicated to the E/2, and the Maxus "B" 8026 "JV-P" Well No. 2 (API No. 30-025-30032) well shall be dedicated to the W/2 of Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) The acreage and well location requirements of the General Rules and Regulations of the Oil Conservation Division, as amended, shall govern both pools and Section 34.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

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