



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 11, 1998

CW
Honore

Ralph C. Burton
3500 Acoma Drive
Hobbs, New Mexico 88240

Re: *Administrative application dated November 30, 1998 to establish a 40-acre non-standard oil spacing and proration unit in the Undesignated Oil Center-Blinebry Pool to comprise the SW/4 SE/4 (Unit O) of Section 32, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico. The existing State P. C. Com. Well No. 1 (API No. 30-025-33672), located at a previously approved unorthodox oil well location (see Division Administrative Order NSL-3733-A, dated December 18, 1996) 1000 feet from the South line and 2370 feet from the East line (Unit O) of said Section 32 is to be dedicated to this acreage.*

Dear Mr. Burton:

Pursuant to Division Rule 104.D(2)(c) and to assure that correlative rights are adequately protected for any and all owners of mineral interests within the Blinebry interval underlying the W/2 SE/4 of said Section 32 (which was the standard 80-acre oil spacing and proration unit assigned to this well by said Order NSL-3733-A), please provide additional information on these two 40 acre tracts (the NW/4 SE/4 and SW/4 SE/4), including a detailed breakout of the ownership in each (WI, RI, and ORRI). It will be necessary for you to notify these individuals of this application.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe

Property be classified as a "non-standard spacing unit" to the well.
[5-25-64...2-1-96]

- (c) Failure of the operator to file the aforesaid tests within the specified time will also subject the well to such acreage reduction. [5-25-64...2-1-96]

(2) Non-Standard Spacing Units. Any well which does not have the required amount of acreage dedicated to it for the pool or formation in which it is completed may not be produced until a standard spacing unit for the well has been formed and dedicated or until a non-standard spacing unit has been approved. [5-25-64...2-1-96]

- (a) The supervisor of the appropriate District Office of the Division shall have the authority to approve non-standard spacing units without notice when the non-orthodox size and shape is necessitated by a variation in the legal subdivision of the United States Public Land Surveys and/or consists of an entire governmental section and the non-standard spacing unit is not less than 708 nor more than 1308 of a standard spacing unit. Such approval shall consist of acceptance of Division Form C-102 showing the proposed non-standard spacing unit and the acreage contained therein. [5-25-64...2-1-96]

- (b) The Division Director may grant administrative approval to non-standard spacing units without notice and hearing when an application has been filed for a non-standard spacing unit and the non-orthodox size or shape of the dedicated tract is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (1) The non-standard spacing unit consists of a single quarter-quarter section or lot or the non-standard spacing unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side; and
- (11) The non-standard spacing unit lies wholly within a single governmental quarter section if the well is completed in a pool or formation for which 40, 80, or 160 acres is the standard spacing unit size, wholly within a single governmental half section if the well is completed in a pool or formation for which 320 acres is the standard spacing unit size, or wholly within a single governmental section if the well is completed in a pool or formation for which 640 acres is the standard spacing unit size. [5-25-64...2-1-96]

- (c) Applications for administrative approval of non-standard spacing units, pursuant to Section D(2) above, shall be accompanied by a plat showing the subject spacing unit and an applicable standard spacing unit for the applicable pool or formation. Its proposed well dedications, all adjoining spacing units and/or leases (whichever is applicable), and a list of affected parties. Also to be included is a statement that discusses the necessity for the formation of the subject non-standard spacing unit and the reasons why a standard sized spacing unit is not feasible. [5-25-64...2-1-96]

defined as those parties who own interests in the applicable half quarter section (80-acre spacing), quarter section (160-acre spacing), half section (320-acre spacing), or section (640-acre spacing) in which the non-standard spacing unit is situated and which acreage is not included in said non-standard spacing unit;

- (11) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed non-standard spacing unit;

- (111) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed non-standard spacing unit; and

- (1V) in the absence of an operator or lessee, then to all owners of record of unleased mineral interests. [5-25-64...2-1-96]

- (d) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Subpart (c) above by certified or registered mail-return receipt in accordance with Rule 107(6)(a) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the non-standard spacing unit upon receipt of waivers from all said parties or if no said party has entered an objection to the non-standard spacing unit within 20 days after the Director has received the application. [5-25-64...2-1-96]

- (e) The Division Director may set any application for administrative approval for a non-standard spacing unit for public hearing. [5-25-64...2-1-96]

- (3) Number of Wells Per Spacing Unit in Non-Prorated Gas Pools: Unless otherwise permitted by special pool rules or authorized after notice and hearing, only one (1) well per spacing unit is permitted in non-prorated pools. [5-25-64...2-1-96]

104.E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and approved by the Division without such proper designation of acreage. [12-29-52...2-1-96]

104.F. UNORTHODOX LOCATIONS

- (1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104.C(1)(a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodoxy distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodoxy location. [1-1-50...2-1-96]



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

December 18, 1996

Shell Western E & P, Inc.
P. O. Box 576
Houston, Texas 77001
Attention: Jeff A. Dethrow

Administrative Order NSL-3733-A

Dear Mr. Dethrow:

Reference is made to your letter of application dated November 26, 1996 requesting the amendment of a previously approved order by the Division of an unorthodox deep gas well location by expanding the vertical limits of the provisions in said order to include the potential oil bearing Silurian (Fusselman), Strawn, Wolfcamp, Abo, Tubb/Drinkard (Undesignated Hardy-Tubb Drinkard Pool), Blinebry (Undesignated Oil Center-Blinebry Pool), and Glorieta intervals.

Division Administrative Order NSL-3733, dated November 4, 1996 authorized the drilling of your State P.C. Com Well No. 1 (API No. 30-025-33672) at an unorthodox gas well location within a standard 320-acre gas spacing and proration unit, comprising the S/2 of Section 32, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, 1000 feet from the South line and 2370 feet from the East line (Unit O) in order to test both the McKee (Simpson) and Ellenburger formations.

Current rules governing these intervals within said vertical extent for the subject well location are as follows:

- (a) Silurian (Fusselman), Strawn, Wolfcamp, Abo, and Glorieta: these intervals are considered to be "wildcat" and if oil is encountered these zones will be subject to Division statewide Rule 104.B(1)(b), which requires 40-acre spacing and proration units with wells to be located no closer than 330 feet to any boundary of such tract;
- (b) Tubb/Drinkard: being within one mile of the Hardy-Tubb Drinkard Pool this interval is subject to Division statewide Rule 104.C(1)(a), which also requires 40-acre spacing and proration units with wells to be located no closer than 330 feet to any boundary of such tract;
- (c) Blinebry: being within one mile of the Oil Center-Blinebry Pool this interval is therefore subject to the "*Special Rules and Regulations for the Oil Center-Blinebry Pool*", which requires 80-acre spacing and proration units or drilling units with wells to be located in either the NW/4 or SE/4 of a governmental quarter section and is to be no closer than 330 feet to any quarter-quarter section or lot line on which it is situated.

Administrative Order NSL-3733-A

Shell Western E & P Inc.

December 18, 1996

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Division records indicate that the E/2 SW/4 and SE/4 of said Section 32 is one single State lease in which is operated by Shell Western E & P. Inc.

The SW/4 SE/4 of said Section 32, being a standard 40-acre oil spacing and proration unit in the Silurian (Fusselman), Strawn, Wolfcamp, Abo, Undesignated Hardy-Tubb Drinkard Pool, and Glorieta intervals and the W/2 SE/4 of said Section 32, being a standard 80-acre oil spacing and proration unit for the Undesignated Oil Center-Blinebry Pool, are to be dedicated to said well.

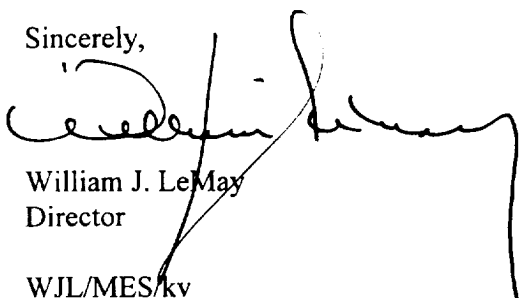
The subject request has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provision of the "*Special Rules and Regulations for the Oil Center-Blinebry Pool*", as promulgated by Division Order No. R-2408, as amended, Division Memorandum 4-86 dated June 2, 1986, and Division General Rule 104.F(2) the above-described unorthodox oil well location is hereby approved for oil production from the Silurian (Fusselman), Strawn, Wolfcamp, Abo, Undesignated Hardy-Tubb Drinkard Pool, Undesignated Oil Center-Blinebry Pool, and Glorieta intervals.

All provisions of said Administrative Order NSL-3733 shall remain in full force and effect until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-3733 /