

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 6065
Order No. R-5601



APPLICATION OF ODESSA NATURAL CORPORATION
FOR A SPECIAL WELL CLASSIFICATION,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 12, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 27th day of December, 1977, 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, Odessa Natural Corporation, seeks the classification of its ARCO-Little Fed. Well No. 1, located in Unit D of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, as a gas well rather than an oil well, thereby permitting the continued dedication of the W/2 of said Section 32. Said classification would be in exception to the statewide definition of gas wells, or to the Chacon-Dakota Associated Pool definition of gas wells, whichever is applicable.

(3) That the evidence presented at the hearing demonstrated that said ARCO-Little Fed. Well No. 1 is completed as an extension of said Chacon-Dakota Associated Pool and is therefore subject to the special rules and regulations of said pool.

(4) That said special rules and regulations define a gas well as one producing with a gas-oil ratio of 30,000 cubic feet of gas or more per barrel of oil.

(5) That said ARCO-Little Fed. Well No. 1 is currently producing with a gas-oil ratio of less than 30,000 to 1 and is classified as an oil well.

(6) That the production history of wells in said Chacon-Dakota Associated Pool demonstrates that the gas-oil ratio of said ARCO-Little Fed. Well No. 1 may be expected to rapidly rise to a level in excess of 30,000 to 1, causing said well to be reclassified as a gas well.

(7) That within said pool, oil wells are spaced on 160-acre proration units and gas wells are spaced on 320-acre spacing units.

(8) That the applicant seeks a special gas well classification for said well in order to dedicate 320 acres thereto until such time as the gas-oil ratio of said well shall increase to a level of 30,000 to 1 or more.

(9) That such special classification and acreage dedication will prevent the drilling of a second oil well on the undrilled 160-acre tract (the SW/4 of said Section 32) which would be dedicated to said well if it should be classified as a gas well with 320 acres dedicated thereto.

(10) That said limitation on development could prevent the drilling of an unnecessary well thereby preventing economic waste.

(11) That the application for special classification of said ARCO-Little Fed. Well No. 1 as a gas well should be approved.

(12) That the applicant should appear at an Examiner hearing in July, 1978, to show cause why said special well classification should not be rescinded or to request an amendment to the special rules and regulations for the Chacon-Dakota Associated Pool to provide for a period of gas well classification for all new completions therein.

(13) That during the period of special gas well classification, said ARCO-Little Fed. Well No. 1 should receive an oil and gas allowable based upon a proration unit size of 160 acres.

IT IS THEREFORE ORDERED:

(1) That effective December 1, 1977, the Odessa Natural Corporation ARCO-Little Fed. Well No. 1, located in Unit D of Section 32, Township 24 North, Range 3 West, Chacon-Dakota Associated Pool, Rio Arriba County, New Mexico, is hereby granted a special gas well classification.

(2) That the W/2 of said Section 32 shall be dedicated to said ARCO-Little Fed. Well No. 1.

(3) That during the period of special gas well classification, the allowable assigned to said ARCO-Little Fed. Well No. 1 shall be based upon a proration unit size of 160 acres.

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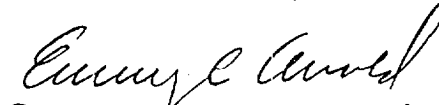
(4) That this case shall be reopened at an Examiner hearing during July, 1978, at which time the applicant shall appear to show cause why the special gas well classification granted by this order should not be rescinded or to propose an amendment to the special rules and regulations for said Chacon-Dakota Associated Pool to provide for a period of special gas well classification for all new wells completed therein.

(5) 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,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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jr/