

Case No.

598

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Application, Transcript,  
Small Exhibits, Etc.

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. 598  
ORDER NO. R-397

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION UPON  
ITS OWN MOTION FOR A REVISION  
OF RULE 104 (b) PERTAINING IN  
PART TO WELL SPACING IN SAN  
JUAN, RIO ARRIBA, SANDOVAL AND  
MCKINLEY COUNTIES, NEW MEXICO  
AND FOR A REVISION OF ORDERS R-59,  
R-46 AND R-110 PERTAINING TO  
SPACING OF GAS WELLS TO BE  
DRILLED TO THE PICTURED CLIFFS  
FORMATION AND TO THE MESAVERDE  
FORMATION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m., on October 15, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 17<sup>th</sup> day of December, 1953, the Commission, a quorum being present, having considered the records and the testimony adduced and being fully advised in the premises,

FINDS:

(1) That the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That there is need for a revision of Rule 104, Paragraph (b) of the Commission's Rules and Regulations; and for a revision of Commission Orders R-46, R-59, and R-110, pertaining to the spacing of gas wells in gas pools producing from the Pictured Cliffs and Mesaverde formation.

IT IS THEREFORE ORDERED:

(1) That the application of the Oil Conservation Commission be and the same hereby is approved.

(2) That Rule 104, Paragraph (b) of the Commission's Rules and Regulations be and the same hereby is revised as follows:

"RULE 104 (b): Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter quarter section or lot, being a legal subdivision of the U. S. Public Land Surveys and shall be located within 100 feet of the center of the 40 acre subdivision, except in San Juan, Rio Arriba and Sandoval Counties, where a wildcat well shall be located on a designated drilling tract of not less than 160 surface contiguous acres substantially in the form

of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundary line of the tract provided however that a tolerance of 200 feet is permissible."

(3) That those portions of Orders R-46 and R-59 pertaining to the spacing of gas wells within the defined limits of gas pools producing from the Pictured Cliffs formation be and the same hereby are amended and revised as follows:

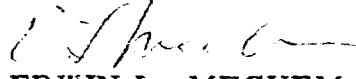
"Any well drilled within the defined limits of a designated gas pool producing from the Pictured Cliffs formation shall be located on a designated drilling tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundary line of the quarter section, provided however that a tolerance of 200 feet is permissible."

(4) That Paragraph (c) of Section 1 of Order R-110 pertaining to the location of wells drilled within the defined limits of the Blanco Mesaverde Gas Pool be and the same hereby is amended and revised as follows:

"Section 1. (c) Such well shall be located 990 feet from the outer boundary of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
E. S. WALKER, Member

  
R. R. SPURRIER, Member and Secretary

S E A L

Legal Notice OCC Hearing

Publication:

Date: OCT 15 hearing

CASE 378:

In the matter of the application of the Oil Conservation Commission ~~■~~ upon its own motion for a revision of Rule 104 (b) pertaining in part to well spacing in San Juan, Rio Arriba, Sandoval and McKinley Counties, and for a revision of Orders R-59, R-46 and R-110 pertaining to spacing of gas wells to be drilled to the Pictured Cliffs formation and to the Mesaverde formation.

In the matter of the application of the Oil Conservation Commission upon its own motion for a revision of Rule 104 (b) <sup>in part</sup> pertaining to well spacing in San Juan, Rio Arriba, Sandoval & McKinley Counties, and for a revision of Orders R-59, R-46 and R-110 pertaining to spacing of <sup>gas</sup> wells to be drilled to the Pictured Cliffs Formation and to the Mesaverde Formation.

CASE 598: PROPOSED REVISION OF RULE 104 (b); ORDER R-59; AND  
ORDER R-110:

RULE 104 (b): Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter quarter section or lot, being a legal subdivision of the U. S. Public Land Survey and shall be located within 100 feet of the center of the 40 acre subdivision, except in San Juan, Rio Arriba and Sandoval Counties, where a wildcat well shall be located on a designated drilling tract of not less than 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Survey, and shall be located 990 feet from the outer boundary line of the tract provided however that a tolerance of 200 feet is permissible.

REVISION OF ORDER R-46 and R-59:

Any well drilled within the defined limits of a designated gas pool producing from the Pictured Cliffs formation shall be located on a designated drilling tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Survey, and shall be located 990 feet from the outer boundary line of the quarter section, provided however that a tolerance of 200 feet is permissible.

REVISION OF ORDER R-110:

Section 1. No well shall be drilled or completed or recompleted and no Notice of Intention to Drill or Drilling Permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less,

according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;

(b) Such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Land Survey, the north half, south half, east half or west half of each section of land constituting a drilling unit;

(c) Such well shall be located 990 feet from the outer boundary of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

*C. L. ...*

Suggested Amendment to Rule 104, Well Spacing; Acreage Requirements for  
Drilling Tracts

*described*

(a) Any well drilled a distance of one mile or more from the outer boundary of any defined oil or ~~gas pool~~ shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of a defined oil or gas pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in said oil or gas pool.

*except in*

~~Any wildcat well~~ in San Juan, Rio Arriba and Sandoval Counties, *where a wildcat well* shall be located on a tract of not less than 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U.S. Public Land Survey and shall be located 990' from the outer boundary line of the tract, provided however that a tolerance of not in excess of 200' is permissible. *changes 104(b)*

*gas pool producing from the Pictured Cliffs formation*

~~Any well drilled in a defined Pictured Cliffs gas pool~~ in San Juan, Rio Arriba and Sandoval Counties shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U.S. Public Land Surveys and shall be located 990' from the outer boundary line of the quarter section, provided however that a tolerance of 200' is permissible. *R-59 R-46 748?*

*producing from*

Any well drilled in a defined gas pool ~~in~~ the Mesaverde formation shall be located on a designated drilling tract of not less than 320 acres, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool; and shall be located 990' from the outer boundary of the Northeast or Southwest Quarter Section, provided however that a tolerance not in excess of 200' is permissible. *R-110*

NEW MEXICO  
OIL CONSERVATION COMMISSION

CASE 598: PROPOSED REVISION OF RULE 104 (b); ORDER R-59; AND ORDER R-110:

RULE 104 (b): Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter quarter section or lot, being a legal subdivision of the U. S. Public Land Survey and shall be located within 100 feet of the center of the 40 acre subdivision, except in San Juan, Rio Arriba and Sandoval Counties, where a wildcat well shall be located on a designated drilling tract of not less than 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Survey, and shall be located 990 feet from the outer boundary line of the tract provided however that a tolerance of 200 feet is permissible.

REVISION OF ORDER R-46 and R-59:

Any well drilled within the defined limits of a designated gas pool producing from the Pictured Cliffs formation shall be located on a designated drilling tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Survey, and shall be located 990 feet from the outer boundary line of the quarter section, provided however that a tolerance of 200 feet is permissible.

REVISION OF ORDER R-110:

Section 1. No well shall be drilled or completed or recompleted and no Notice of Intention to Drill or Drilling Permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;

(b) Such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Land Survey, the north half, south half, east half or west half of each section of land constituting a drilling unit;

(c) Such well shall be located 990 feet from the outer boundary of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.



NEW MEXICO  
OIL CONSERVATION COMMISSION

CASE 598: PROPOSED REVISION OF RULE 104 (b); ORDER R-59; AND ORDER R-110:

RULE 104 (b): Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter quarter section or lot, being a legal subdivision of the U. S. Public Land Survey and shall be located within 100 feet of the center of the 40 acre subdivision, except in San Juan, Rio Arriba and Sandoval Counties, where a wildcat well shall be located on a designated drilling tract of not less than 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Survey, and shall be located 990 feet from the outer boundary line of the tract provided however that a tolerance of 200 feet is permissible.

REVISION OF ORDER R-46 and R-59:

Any well drilled within the defined limits of a designated gas pool producing from the Pictured Cliffs formation shall be located on a designated drilling tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Survey, and shall be located 990 feet from the outer boundary line of the quarter section, provided however that a tolerance of 200 feet is permissible.

REVISION OF ORDER R-110:

Section 1. No well shall be drilled or completed or recompleted and no Notice of Intention to Drill or Drilling Permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;

(b) Such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Land Survey, the north half, south half, east half or west half of each section of land constituting a drilling unit;

(c) Such well shall be located 990 feet from the outer boundary of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

ORDER FOR  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

CASE 598: In the matter of the application of the Oil Conservation Commission upon its own motion for a revision of Rule 104 (b) pertaining in part to well spacing in San Juan, Rio Arriba, Sandoval and McKinley Counties, New Mexico, and for a revision of Orders R-59, R-46 and R-110 pertaining to spacing of gas wells to be drilled to the Pictured Cliffs formation and to the Mesaverde formation.

TRANSCRIPT OF HEARING

October 15th, 1953

BEFORE: Honorable Ed. L. McCham, Governor  
Honorable E. S. Walker, Land Commissioner  
Honorable R. R. Spurrier, Director, CCC

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I HEREBY CERTIFY that the within transcript of proceedings before the Oil Conservation Commission, is a true record of the same to the best of my knowledge, skill and ability.

DONE at Santa Fe, N.M., this 17th day of October, 1953.

*Margaret L. Allen*  
Reporter

SWORN TO before me this 17th day of October, 1953.

*W. J. [Signature]*  
Notary Public

My Commission Expires:

at [illegible] [illegible]

CASE 598:

In the matter of the application of the Oil Conservation Commission upon its own motion for a revision of Rule 104 (b) pertaining in part to well spacing in San Juan, Rio Arriba, Sandoval and McKinley Counties, New Mexico, and for a revision of Orders R-59, R-46 and R-110 pertaining to spacing of gas wells to be drilled to the Pictured Cliffs formation and to the Mesaverde formation.

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MR. MACEY: I would like to introduce in evidence a proposed revision in this case. The revisions are mainly for the purpose of clarifying the existing spacing rules and coordinating the spacing rules.

COM. SPURRIER: Have those rules been circulated?

MR. MACEY: Yes, to the audience here today.

COM. SPURRIER: Is there any objection to these proposals?

QUILMAN DAVIS: My name is Quilman Davis and I represent the Southern Union Gas Company. I would like to ask a question regarding Rule 104 (b). Was it intended if you desired to drill an oil well, would you still have to have 160 acres? That would be the meaning of this. Are you talking about a wildcat well?

MR. MACEY: That is still a well, is it not?

QUILMAN DAVIS: If you were drilling for oil, it would not be. It does not particularly bother us, but, for the purpose of the law -

MR. MACEY: The existing rule very specifically says that in San Juan, Rio Arriba, Sandoval and McKinley Counties that a wildcat well will be surrounded by 160 contiguous acres.

QUILMAN DAVIS: At the time these laws were put in effect, you had no oil production here.

MR. MACEY: I cannot testify as to what the rules were.

QUILMAN DAVIS: I do think everyone was considering the gas interest and particularly at that time we had 160 acres spaced for the formation and that was the basis for it. Actually what brought it to my mind is that you do have some oil production in Pettigrew field.

MR. MACEY: That well would fall in a defined oil pool. This rule applies solely to a wildcat. If you set up in any of these Counties, you are required to have 160 acres. If you get an oil well and your pool is defined as an oil pool, this rule does not apply.

FOSTER MORRELL: I believe a clarification of the point that Mr. Davis has brought up could be made by inserting on the second underscored line of your proposal "drilled for gas" after the words "wildcat well". If you don't, you have an analogy that comes in conflict with the present regulation, the provision for locating a wildcat well in the center of forty acres subdivision. In respect to a wildcat well for gas on 160 acres, it has to be 990 feet from the outer portion of 160 acres, which would not permit a center of forty acres for an oil location, so you would cause a well to be drilled for wildcat, with pool definition later, and I am also of the opinion that it was intended at first that this wildcat decision was primarily for gas - this 160 acre provision. If you insert

"drilled for gas" after "wildcat well" in this paragraph, it will permit a 40 acre wildcat, with well in the center, for oil, but if it is a wildcat for gas, it will have to conform to the 160 acre law. I merely offer that as a suggestion.

COM. SPURRIER: Are there any other comments on the case?

MR. MACEY: Would you not say a well in the San Juan Basin, if a wildcat, would be a marginal rather than a center?

FOSTER MORRELL: The well would have to be in the center of forty acres. All the Tonto wells, including the original well, was drilled on forty acres and most of the Dakota field wells are in the center of forty acres.

COM. SPURRIER: Any other comments? We will take the case under advisement.

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NEW MEXICO  
OIL CONSERVATION COMMISSION

CASE 598: PROPOSED REVISION OF RULE 104 (a); ORDER R-99; AND ORDER R-110:

RULE 104 (b): Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter quarter section or lot, being a legal subdivision of the U. S. Public Land Survey and shall be located within 100 feet of the center of the 40 acre subdivision, except in San Juan, Rio Arriba and Sandoval Counties, where a wildcat well shall be located on a designated drilling tract of not less than 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Survey, and shall be located 990 feet from the outer boundary line of the tract provided however that a tolerance of 200 feet is permissible.

REVISION OF ORDER R-46 and R-59:

Any well drilled within the defined limits of a designated gas pool producing from the Pictured Cliffs formation shall be located on a designated drilling tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Survey, and shall be located 990 feet from the outer boundary line of the quarter section, provided however that a tolerance of 200 feet is permissible.

REVISION OF ORDER R-110:

Section 1. No well shall be drilled or completed or recompleted and no Notice of Intention to Drill or Drilling Permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;

(b) Such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Land Survey, the north half, south half, east half or west half of each section of land constituting a drilling unit;

(c) Such well shall be located 990 feet from the outer boundary of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.