

Entered November 14, 1960
A.P.

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. 2135
Order No. R-1836
NOMENCLATURE

APPLICATION OF NEARBURG & INGRAM
FOR THE CREATION OF A NEW OIL POOL
FOR PENNSYLVANIAN PRODUCTION IN
LEA COUNTY, NEW MEXICO, AND FOR
THE PROMULGATION OF TEMPORARY
SPECIAL RULES AND REGULATIONS
FOR SAID POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 30, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 14th day of December, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Nearburg & Ingram, seeks an order creating a new oil pool for Pennsylvanian production to be designated as the Southwest Gladiola-Pennsylvanian Pool, consisting of the NW/4 of Section 35, Township 12 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the evidence presented concerning the reservoir characteristics of the proposed Southwest Gladiola-Pennsylvanian Pool, including permeability and porosity data, justifies the establishment of 80-acre proration units in said pool on a temporary basis.

(4) That the evidence presented indicates that, for the present at least, it may be uneconomical to drill wells in the Southwest Gladiola-Pennsylvanian Pool on 40-acre proration units, and that unless a temporary 80-acre proration unit order is entered, further development in said pool may be retarded.

-2-

CASE No. 2135

Order No. R-1836

NOMENCLATURE

(5) That due to the apparently limited size of said pool, a flexible rule governing well locations should be adopted.

(6) That inasmuch as temporary special rules and regulations for the Southwest Gladiola-Devonian Pool, as promulgated by Order No. R-1724, will expire on July 31, 1961, and inasmuch as the rules for that pool should be coextensive with the rules for the subject pool, the temporary special rules and regulations for the Southwest Gladiola-Pennsylvanian Pool should expire on July 31, 1961.

(7) That during the period in which this order will be in effect the applicant should gather all available information relative to drainage and recoverable reserves in the subject pool.

(8) That this case should be heard again by the Commission at the regular monthly hearing in July, 1961, at which time the applicant should be prepared to prove by a preponderance of the evidence why the Southwest Gladiola-Pennsylvanian Pool should not be developed on 40-acre units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, be and the same is hereby created and designated as the Southwest Gladiola-Pennsylvanian Pool, consisting of the following described acreage:

TOWNSHIP 12 SOUTH, RANGE 37 EAST, NMPM
Section 35: NW/4

(2) That temporary special rules and regulations for the Southwest Gladiola-Pennsylvanian Pool in Lea County, New Mexico, be and the same are hereby promulgated as follows, effective December 31, 1960.

SPECIAL RULES AND REGULATIONS FOR THE
SOUTHWEST GLADIOLA-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Southwest Gladiola-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of said pool, and not nearer to nor within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Southwest Gladiola-Pennsylvanian Pool shall be located on a unit containing 80 acres, more or less, which consists of any two contiguous

-3-

CASE No. 2135

Order No. R-1836

NOMENCLATURE

quarter-quarter sections of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the 80-acre unit.

RULE 3. Unit wells shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit. Any well which was drilling to or completed in the subject pool prior to December 15, 1960, is granted an exception to the well location requirements of this Rule.

RULE 4. For good cause shown, the Secretary-Director may grant exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the subject pool as the acreage in such non-standard unit bears to 80 acres.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the subject pool shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

IT IS FURTHER ORDERED:

That operators who propose to dedicate 80 acres to a well in the Southwest Gladiola-Pennsylvanian Pool must file an amended Commission Form C-128 with the Hobbs District Office of the Commission by December 20, 1960, in order that the well may be assigned an 80-acre allowable on the January proration schedule.

IT IS FURTHER ORDERED:

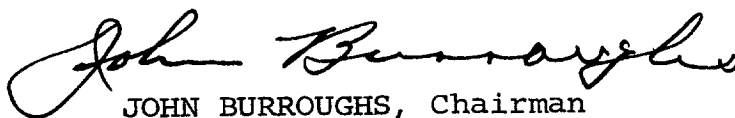
That this case be reopened at the regular monthly hearing of the Commission in July, 1961, at which time operators in the subject pool shall appear and show cause why the Southwest Gladiola-Pennsylvanian Pool should not be developed on 40-acre proration units.

-4-


CASE No. 2135
Order No. R-1836
NOMENCLATURE

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


A. L. PORTER, Jr., Member & Secretary

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