

Entered December 5, 1962
D.S.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. 2682
Order No. R-2375

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR THE CREATION OF A NEW
OIL POOL AND THE ESTABLISHMENT OF SPE-
CIAL RULES AND REGULATIONS, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 8, 1962, 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 21st day of November, 1962, 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, Pan American Petroleum Corporation, seeks an order creating a new oil pool for Gallup production to be designated the Simpson-Gallup Oil Pool consisting of the following-described acreage in San Juan County, New Mexico:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM

Section 23: S/2
Section 24: SW/4
Section 25: N/2
Section 26: NE/4

(3) That the applicant proposes the promulgation of special rules and regulations to govern said pool with a provision for 80-acre oil proration units.

(4) That the Simpson-Gallup Oil Pool was discovered by the Pan American Gallegos Canyon Unit Well No. 83, located in Unit A

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of Section 26, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico. This well was completed February 29, 1959. The top of the perforations is at 5548 feet.

(5) That the evidence presently available establishes that the Simpson-Gallup Oil Pool can be efficiently and economically drained and developed on 80-acre oil proration units.

(6) That during the temporary period in which this order will be in effect, all operators in the subject pool should gather all available information relative to drainage and recoverable reserves in said pool.

(7) That this case should be reopened at an examiner hearing in January, 1964, at which time the operators in the subject pool should be prepared to appear and show cause why the Simpson-Gallup Oil Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production is hereby created and designated as the Simpson-Gallup Oil Pool consisting of the following-described area:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM

Section 23: S/2
Section 24: SW/4
Section 25: N/2
Section 26: NE/4

(2) That Special Rules and Regulations for the Simpson-Gallup Oil Pool are hereby promulgated as follows, effective December 1, 1962.

SPECIAL RULES AND REGULATIONS
FOR THE
SIMPSON-GALLUP OIL POOL

RULE 1. Each well completed or recompleted in the Simpson-Gallup Oil Pool or in the Gallup formation within one mile of the Simpson-Gallup Oil Pool, and not nearer to or within the limits of another designated Gallup oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Simpson-Gallup Oil Pool shall be located on a standard proration unit containing approximately 80 acres, consisting of any two contiguous quarter-quarter sections of a single governmental quarter section.

For purposes of these rules, a unit containing 79 through 81 contiguous surface acres shall be considered a standard unit.

RULE 3. Each well projected to or completed in the Simpson-Gallup Oil Pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit; 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 4. For good cause shown, the Secretary-Director may grant an exception to Rule 2 without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of a single quarter-quarter section or lot.

(2) The non-standard unit consists of not more than 81 acres.

(3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators.

(5) In lieu of Paragraph 4 of this rule, the applicant may furnish proof that all offset operators were notified of his intent to form such non-standard unit. 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 the non-standard unit.

RULE 5. The allowable assigned to any non-standard proration unit shall bear the same ratio to a standard allowable in the Simpson-Gallup Oil Pool as the acreage in the non-standard unit bears to 80 acres.

RULE 6. A standard proration unit in the Simpson-Gallup Oil Pool shall be assigned an 80-acre proportional factor of 2.33 for allowable purposes, and in the event there is more than one well on a standard proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.

(3) That operators who propose to dedicate 80 acres to a well in the Simpson-Gallup Oil Pool must file an amended Commission

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Form C-128 with the Aztec District Office of the Commission by December 1, 1962, in order that the well may be assigned an 80-acre allowable on the December proration schedule.

(4) That this case shall be reopened at an examiner hearing in January, 1964, at which time the operators in the subject pool may appear and show cause why the Simpson-Gallup Oil Pool should not be developed on 40-acre proration units.

(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 herein-above designated.

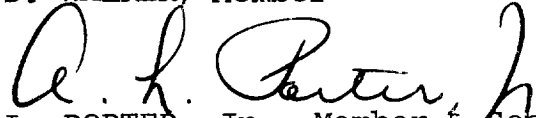
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

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