

Entered December 3, 1965
A.H.

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. 3337
Order No. R-3006
NOMENCLATURE

APPLICATION OF SHELL OIL COMPANY
FOR THE CREATION OF A NEW GAS POOL
AND FOR SPECIAL POOL RULES, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 23, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of December, 1965, 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, Shell Oil Company, seeks the creation of a new gas pool for Morrow production in Lea County, New Mexico, and the promulgation of special rules and regulations including a provision for 640-acre spacing units.

(3) That the Shell Oil Company "GR" Federal Well No. 1 located in Unit E of Section 3, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Grama Ridge-Morrow Gas Pool; that the vertical limits of said pool should be the Morrow formation; and that the horizontal limits of said pool should be all of Sections 3 and 4, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

-2-

CASE No. 3337

Order No. R-3006

(4) That the applicant has established that one well in the Grama Ridge-Morrow Gas Pool can efficiently and economically drain and develop 640 acres.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations providing for 640-acre spacing units should be promulgated for the Grama Ridge-Morrow Gas Pool.

(6) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated the Grama Ridge-Morrow Gas Pool, with vertical limits comprising the Morrow formation, and horizontal limits comprising all of Sections 3 and 4, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) That Special Rules and Regulations for the Grama Ridge-Morrow Gas Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
GRAMA RIDGE-MORROW GAS POOL

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

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and

hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to

-4-

CASE No. 3337

Order No. R-3006

the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

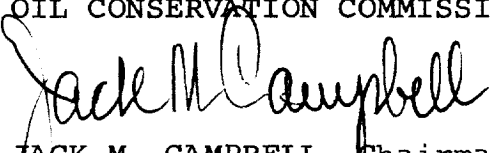
IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Grama Ridge-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before December 15, 1965.


(2) 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


JACK M. CAMPBELL, Chairman


GUYTON B. HAYS, Member


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

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