

*Entered December 22, 1966
A.P.P.*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 3501
Order No. R-3168

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION ON ITS
OWN MOTION TO CONSIDER AMENDING COMMIS-
SION ORDER NO. R-1670, AS AMENDED, WHICH
GOVERNS ALL PRORATED GAS POOLS IN SAN
JUAN, RIO ARRIBA, SANDOVAL, LEA, EDDY,
AND ROOSEVELT COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 7, 1966,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 22nd day of December, 1966, 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 by Order No. R-1670, dated May 20, 1960, as amended,
General Rules and Regulations were adopted for the Prorated Gas
Pools of Northwestern New Mexico and Southeastern New Mexico.
- (3) That Rule 5(B) and Rule 5(C) of the General Rules and
Regulations for Northwestern New Mexico and Southeastern New
Mexico, respectively, provide that the Secretary-Director of the
Commission may approve non-standard units without notice and
hearing under specified conditions.
- (4) That Rule 5(B) of Order No. R-1670-C, as amended,
amending Order No. R-1670 and promulgating Special Rules and
Regulations for the Basin-Dakota Gas Pool in addition to the
General Rules and Regulations for Northwestern New Mexico,
provides that the Secretary-Director of the Commission may
approve non-standard units without notice and hearing under
specified conditions.

(5) That Rule 5(B) of Order No. R-1670, as amended, promulgating Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool in addition to the General Rules and Regulations for Northwestern New Mexico limits the authority of the Secretary-Director of the Commission to approve a non-standard gas proration unit to one that does not exceed 2640 feet in length or width.

(6) That Rule 5(C) of Order No. R-1670-E amending Order No. R-1670 and promulgating Special Rules and Regulations for the Atoka-Pennsylvanian Gas Pool in addition to the General Rules and Regulations for Southeastern New Mexico provides that the Secretary-Director may approve non-standard units without notice and hearing under specified conditions.

(7) That in order to ease the administrative burden upon operators and Commission, thereby preventing economic waste, Rule 5(B) and Rule 5(C) of the General Rules and Regulations governing the Prorated Gas Pools of Northwestern and Southeastern New Mexico, respectively, should be amended to allow the District Supervisor of the appropriate District Office of the Commission and the Secretary-Director of the Commission to approve, under specified conditions, without notice and hearing and without notice to offset operators, non-standard units occasioned by variations in the legal subdivision of the United States Public Lands Survey.

(8) That in order to provide for more uniformity of rules, Rule 5(B) of the Special Rules and Regulations governing the Basin-Dakota Gas Pool, Rule 5(B) of the Special Rules and Regulations governing the West Kutz-Pictured Cliffs Gas Pool, and Rule 5(C) of the Special Rules and Regulations governing the Atoka-Pennsylvanian Gas Pool should be deleted from said Special Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That Rule 5(B) of the General Rules and Regulations governing the Prorated Gas Pools of Northwestern New Mexico, promulgated by Order No. R-1670, as amended, is hereby amended to read in its entirety as follows:

"RULE 5(B):

1. The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 5(A) without notice and hearing when

the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75% nor more than 125% of a standard unit.

2. The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

- (a) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and
- (b) Assigning an allowable to the non-standard unit.

3. The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5(A) without notice and hearing where an application has been filed in due form and when the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

- (a) The proposed non-standard proration unit consists of less acreage than a standard proration unit;

- (b) The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots;

- (c) The non-standard gas proration unit lies wholly within a single governmental section;

- (d) The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the designated gas pool;

- (e) The applicant presents written consent in the form of waivers from:

- (1) All operators owning interests outside the non-standard gas proration unit but in the same section in which any part of the non-standard gas proration unit is situated, and

- (2) All operators owning interests in acreage offsetting the non-standard gas proration unit.

- (f) In lieu of subparagraph (e) of this rule, the applicant may furnish proof of the fact that said offset operators

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were notified by registered mail of his intent to form such non-standard gas proration unit. (This notification to offset operators should consist of the same information that is furnished to the Commission). The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit."

(2) That Rule 5(C) of the General Rules and Regulations governing the Prorated Gas Pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, is hereby amended to read in its entirety as follows:

"RULE 5(C):

1. The District Supervisor of the appropriate district office of the Commission shall have authority to approve a non-standard unit as an exception to Rule 5(A) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75% nor more than 125% of a standard unit.

2. The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

(a) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(b) Assigning an allowable to the non-standard unit.

3. The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5(A) without notice and hearing where an application has been filed in due form and when the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(a) The proposed non-standard proration unit consists of less acreage than a standard proration unit;

(b) The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots;

(c) The non-standard gas proration unit lies wholly within a single governmental section;

(d) The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the designated gas pool;

(e) The applicant presents written consent in the form of waivers from:

(1) All operators owning interests outside the non-standard gas proration unit but in the same section in which any part of the non-standard gas proration unit is situated, and

(2) All operators owning interests in acreage offsetting the non-standard gas proration unit.

(f) In lieu of subparagraph (e) of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. (This notification to offset operators should consist of the same information that is furnished to the Commission). The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit."

(3) That Rule 5(B) of the Special Rules and Regulations governing the Basin-Dakota Gas Pool promulgated by Order No. R-1670, as amended, is hereby deleted from said Special Rules and Regulations.

(4) That Rule 5(B) of the Special Rules and Regulations governing the West Kutz-Pictured Cliffs Gas Pool promulgated by Order No. R-1670, as amended, is hereby deleted from said Special Rules and Regulations.

(5) That Rule 5(C) of the Special Rules and Regulations governing the Atoka-Pennsylvanian Gas Pool promulgated by Order No. R-1670-E is hereby deleted from said Special Rules and Regulations.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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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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