

*Entered July 27th, 1967
O.L.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. 3614
Order No. R-3284

APPLICATION OF SHIPROCK CORPORATION
FOR AN AMENDMENT TO ORDER NO. R-1438,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 12, 1967,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of July, 1967, 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-1438, dated July 15, 1959, Special
Rules and Regulations were promulgated for the Shiprock-Gallup
Oil Pool, San Juan County, New Mexico.

(3) That Rule 1 of said Special Rules and Regulations
provides that each well drilled in the Shiprock-Gallup Oil Pool
shall be located no nearer than 165 feet to the outer boundary
of the quarter-quarter section on which it is located and shall
be located no nearer than 300 feet to the nearest well producing
from the same common source of supply; provided, however, that
said 300-foot restriction shall not be applicable to wells
projected to or completed in the Gallup formation which offset
wells which were drilling to or completed in the Shiprock-Gallup
Oil Pool on the effective date of the aforementioned Special
Rules and Regulations.

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(4) That the applicant, Shiprock Corporation, seeks amendment of the aforesaid Rule 1 to permit the drilling of wells in the subject pool nearer than 300 feet to another well producing from the same common source of supply and to permit the drilling of wells nearer than 165 feet to the outer boundary of the quarter-quarter section, but in no event nearer than 165 feet to the boundary of acreage owned by an offset operator.

(5) That the drive mechanism in the subject pool is gravity drainage.

(6) That the evidence presented indicates that the drilling of a well or wells in the aforesaid pool nearer than 300 feet to another well drilling to or capable of producing from the pool and/or nearer than 165 feet to the boundary line of the quarter-quarter section on which the well or wells are located will allow the operators in said pool to select locations to better take advantage of the gravity drainage.

(7) That approval of the subject application may result in the recovery of otherwise unrecoverable oil, will afford the operators in the subject pool the opportunity to produce their just and equitable share of the oil in the pool, and otherwise prevent waste and protect correlative rights, provided no well is completed or recompleted nearer than 165 feet to the boundary of acreage owned by an offset operator.

IT IS THEREFORE ORDERED:

(1) That Rule 1 of the Special Rules and Regulations governing the Shiprock-Gallup Oil Pool, promulgated by Order No. R-1438, dated July 15, 1959, is hereby amended to read in its entirety as follows:

"RULE 1. Each well completed or recompleted in the Shiprock-Gallup Oil Pool or in the Gallup formation within one mile thereof, and not nearer to or within the limits of another designated Gallup oil pool, shall be located no nearer than 25 feet to the outer boundary of the quarter-quarter section on which it is located; provided, however, that in no event shall said well or wells be completed or

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recompleted nearer than 165 feet to the boundary of acreage owned by an offset operator.

That nothing contained herein shall be construed as prohibiting the location of a well because of its nearness to a previously drilled well."


(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


DAVID F. CARGO, Chairman


GUNTTON B. HAYS, Member


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

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