

*Entered August 5, 1964*  
*A.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. 3073  
Order No. R-2758  
NOMENCLATURE

APPLICATION OF TEXACO INC. FOR THE  
CREATION OF A NEW OIL POOL AND FOR  
SPECIAL TEMPORARY POOL RULES, 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 July 1, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 3rd day of August, 1964, 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, Texaco Inc., seeks the creation of a new oil pool for Pennsylvanian production and the establishment of temporary pool rules, including a provision for 160-acre oil well spacing and a GOR limitation of 4000 to 1.

(3) That the applicant also seeks the establishment of an administrative procedure whereby interference tests could be conducted and allowables transferred.

(4) That a new oil pool for Pennsylvanian production should be created and designated the Tocito Dome-Pennsylvanian "D" Oil Pool; that said pool was discovered by the Texaco Inc. Navajo

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Tribal AL Well No. 1 located in Unit H of Section 28, Township 26 North, Range 18 West, NMPM, San Juan County, New Mexico.

(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, temporary special rules and regulations providing for 160-acre oil well spacing and 320-acre gas well spacing should be promulgated for the Tocito Dome-Pennsylvanian "D" Oil Pool.

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

(7) That the temporary special rules and regulations should provide for a limiting gas-oil ratio of 2000 to 1 and the classification of a well with a gas-oil ratio of 20,000 to 1, or more, as a gas well in order to allow each operator in the pool the opportunity to use his just and equitable share of the reservoir energy.

(8) That due to the possibility of premature water encroachment and resulting waste, the temporary special rules and regulations should establish an oil well factor of 2.77 for allowable purposes.

(9) That due to the possibility of premature water encroachment and resulting waste, the temporary special rules and regulations should establish the following formula for computing gas well allowables:

Normal unit allowable x 2000 x 2.77 x 2

(10) That in order to prevent undue dissipation of the reservoir energy and waste of oil and gas, the temporary special rules and regulations should prohibit the flaring or venting of gas within a reasonable time after the issuance of this order.

(11) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

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(12) That an administrative procedure should be established whereby the operators in the Tocito Dome-Pennsylvanian "D" Oil Pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease during the temporary one-year period in order to facilitate the gathering of information pertinent to reservoir characteristics.

(13) That this case should be reopened at an examiner hearing in July, 1965, at which time the operators in the subject pool should be prepared to appear and show cause why the Tocito Dome-Pennsylvanian "D" Oil Pool should not be developed on 40-acre oil well spacing and 160-acre gas well spacing.

IT IS THEREFORE ORDERED:

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

TOWNSHIP 26 NORTH, RANGE 18 WEST, NMPM

Section 17: S/2

Section 20: E/2

Section 21: SW/4

Section 28: N/2 and SE/4

(2) That temporary Special Rules and Regulations for the Tocito Dome-Pennsylvanian "D" Oil Pool are hereby promulgated, as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
TOCITO DOME-PENNSYLVANIAN "D" OIL POOL

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

RULE 2. Each oil well shall be located on a standard 160-acre unit comprising a governmental quarter section or on a non-standard unit consisting of less than 160 acres comprising a governmental quarter-quarter section or lot or governmental quarter-quarter sections or lots contiguous by common bordering sides and lying within a governmental quarter section.

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RULE 3. Each gas well shall be located on a standard 320-acre unit comprising a governmental half section or on a non-standard unit consisting of less than 320 acres comprising a governmental quarter-quarter section or lot or governmental quarter-quarter sections or lots contiguous by common bordering sides and lying within a governmental half section.

RULE 4. All wells shall be located within 150 feet of the center of a governmental quarter-quarter section.

RULE 5. The Secretary-Director of the Commission 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 unorthodox 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 offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard oil proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 2.77 for allowable purposes. The allowable assigned to a non-standard oil proration unit shall bear the same ratio to a standard oil proration unit allowable as the acreage in such non-standard unit bears to 160 acres.

RULE 7. The limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced; a well with a gas-oil ratio of 20,000 to 1, or more, shall be classified as a gas well.

RULE 8. A standard gas proration unit (316 through 324 acres) shall be assigned an allowable in accordance with the following formula:

$$\text{Normal unit allowable} \times 2000 \times 2.77 \times 2$$

The allowable assigned to a non-standard gas proration unit shall bear the same ratio to a standard gas proration unit allowable as the acreage in such non-standard unit bears to 320 acres.

RULE 9. No gas shall be flared or vented on or after November 1, 1964, provided however, that any well completed in the

subject pool after August 31, 1964, shall be given 60 days in which to make beneficial use of the produced casinghead gas.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Pennsylvanian formation within the Tocito Dome-Pennsylvanian "D" Oil Pool or within one mile of said pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before August 15, 1964.

(2) That the allowable provisions of this order shall be effective August 15, 1964; that any operator desiring to dedicate more than 40 acres to an oil well or more than 160 acres to a gas well presently drilling to or completed in the Tocito Dome-Pennsylvanian "D" Oil Pool shall file a new Form C-116 and a new Form C-128 with the Commission on or before August 15, 1964.

(3) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that any such authorization shall be limited to a period of six months, but may be renewed. No transfer well shall be permitted to receive, in addition to its own allowable, more than 50 per cent of one top unit allowable for the Tocito Dome-Pennsylvanian "D" Oil Pool.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all Pennsylvanian wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well(s) and the transfer well(s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate.

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The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowable upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

(4) That this case shall be reopened at an examiner hearing in July, 1965, at which time the operators in the subject pool may appear and show cause why the Tocito Dome-Pennsylvanian "D" Oil Pool should not be developed on 40-acre oil well spacing and 160-acre gas well spacing.

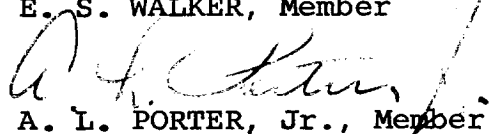
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JACK M. CAMPBELL, Chairman

  
E. S. WALKER, Member

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

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