

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. 5117
Order No. R-4691
NOMENCLATURE

APPLICATION OF ROGER C. HANKS FOR
POOL CREATION AND SPECIAL POOL RULES,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Also see
R-4691-A
R-4691-B
R-4691-C

This cause came on for hearing at 9 a.m. on November 28, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 11th day of December, 1973, 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 Roger C. Hanks, seeks the establishment of a pool for production from the Upper Pennsylvanian (Cisco-Canyon) formation by the abolishment of the Parrish Ranch-Upper Pennsylvanian Pool and the Dagger Draw-Upper Pennsylvanian Pool and the creation of a new pool, designated the North Dagger Draw-Upper Pennsylvanian Pool, to take in all acreage formerly therein as well as requisite intervening acreage.
- (3) That the applicant further seeks the promulgation of temporary special pool rules for the proposed new pool including a provision for 320-acre spacing, limited well locations, and the assignment of a special depth bracket allowable of 427 barrels of oil per day.
- (4) That the reservoir characteristics of the proposed pool indicate that it cannot be efficiently and economically drained and developed on less than 320-acre spacing.
- (5) That temporary special rules and regulations providing for 320-acre spacing for wells should be promulgated for the proposed pool in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

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(6) That the depth bracket allowable for oil wells in the proposed pool should be 427 barrels of oil per day.

(7) That the application for pool abolishment, pool creation, and temporary special pool rules should be granted.

IT IS THEREFORE ORDERED:

(1) That effective January 1, 1974, the Dagger Draw-Upper Pennsylvanian Pool heretofore defined as:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 36: E/2 and SW/4

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 30: W/2 W/2
Section 31: NW/4

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 1: NW/4

and the Parrish Ranch-Upper Pennsylvanian Pool heretofore defined as:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 13: E/2 SE/4
Section 24: NE/4

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 18: N/2 S/2 and SE/4 NE/4

are hereby abolished.

(2) That effective January 1, 1974, a new pool is hereby created and designated the North Dagger Draw-Upper Pennsylvanian Pool with vertical limits consisting of the Upper Pennsylvanian (Cisco-Canyon) formation as found from a depth of 7575 feet to 7918 feet on the log of the Monsanto Hondo Well No. 1, located in Unit C of Section 31, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, and horizontal limits defined as:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 24: E/2
Section 25: E/2
Section 36: All

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 18: All
Section 19: W/2
Section 30: W/2
Section 31: W/2

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 1: N/2

(3) That effective January 1, 1974, temporary Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH DAGGER DRAW-
UPPER PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the North Dagger Draw-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Upper Pennsylvanian 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 320 acres, more or less, comprising any two contiguous quarter section of a single governmental section, being a legal subdivision of the United States Public Land Surveys provided that for the purposes of these rules, a unit consisting of between 316 and 324 contiguous surface acres shall be considered a standard unit.

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 Land Surveys, 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 standard proration unit for the well under the applicable provisions of Rule 2 above 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 interest in the standard proration unit for the well 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 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

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 proration unit 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 proration unit or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. That the special depth bracket allowable for a well on a 320-acre tract shall be 427 barrels of oil per day.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Dagger Draw-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the appropriate district office of the Commission in writing of the name and location of the well on or before March 1, 1974.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing oil wells in the North Dagger Draw-Upper Pennsylvanian Pool shall have dedicated thereto 320 acres and existing gas wells in said pool shall have dedicated thereto 320 acres, in accordance with the foregoing pool rules or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable.

Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the North Dagger Draw-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof shall receive no more than a 40-acre allowable for this pool.

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(3) That this cause shall be reopened in January, 1976 to permit operators in the subject pool to appear and show cause why the special rules promulgated herein should remain in effect.

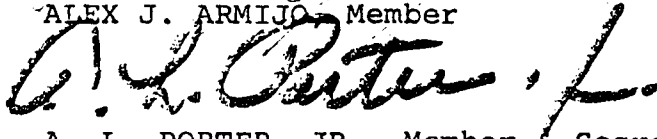
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


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

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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. 5117
Order No. R-4691-A

IN THE MATTER OF CASE 5117 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4691,
WHICH ORDER ESTABLISHED TEMPORARY SPECIAL POOL
RULES FOR THE NORTH DAGGER DRAW-UPPER PENNSYLVANIAN
POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 20, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of February, 1976, 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-4691, dated December 11, 1973,
temporary special rules and regulations were promulgated for the
North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New
Mexico, establishing temporary 320-acre spacing units and
proration units, and a special depth bracket allowable of 427
barrels of oil per day.

(3) That pursuant to the provisions of Order No. R-4691,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the North Dagger Draw-Upper Pennsylvanian Pool should not be developed on 160-acre spacing units and why the special depth bracket allowable should remain in effect.

(4) That the evidence establishes that one well in the
North Dagger Draw-Upper Pennsylvanian Pool can efficiently and
economically drain and develop 160 acres and that the depth
bracket allowable should be commensurate therewith, or 267
barrels of oil per day.

also see
R-4691-B
R-4691-C

(5) That the Special Rules and Regulations promulgated by Order No. R-4691, if amended to provide for 160-acre well spacing and proration units, and to provide a depth bracket allowable of 267 barrels of oil per day, will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil and gas in the pool.

(6) That this case should be reopened at an examiner hearing in February, 1977, at which time the operators in the subject pool should appear and show cause why the North Dagger Draw-Upper Pennsylvanian Pool should not be developed on less than 160-acre proration units and why the depth bracket allowable should not be reduced.

IT IS THEREFORE ORDERED:

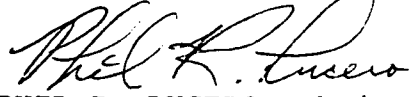
(1) That the Special Rules and Regulations governing the North Dagger Draw-Upper Pennsylvanian Pool, promulgated by Order No. R-4691, shall remain in full force and effect for an additional period of one year provided, however, that said rules are hereby amended to provide for 160-acre spacing and proration units and to provide a depth bracket allowable of 267 barrels of oil per day.

(2) That this case shall be reopened at an examiner hearing in February, 1977, at which time the operators in the subject pool shall appear and show cause why the North Dagger Draw-Upper Pennsylvanian Pool should not be developed on less than 160-acre proration units and why the depth bracket allowable should not be reduced.

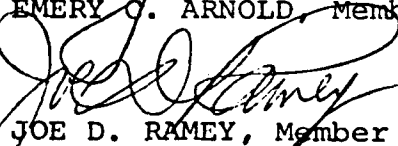
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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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. 5763
Order No. R-4691-B

APPLICATION OF ROGER C. HANKS FOR
A SPECIAL DEPTH BRACKET ALLOWABLE,
EDDY COUNTY, NEW MEXICO.

Also see R 4691-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of October, 1976, 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, Roger C. Hanks, seeks the amendment of Commission Order No. R-4691-A to provide for a special depth bracket allowable of 350 barrels per day for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico.
- (3) That the wells in said North Dagger Draw-Upper Pennsylvanian Pool produce large quantities of water.
- (4) That if such wells are shut in, because of allowable restriction or any other reason, water production increases and oil production decreases substantially.
- (5) That wells in said pool are not adversely affected by high rates of production but are instead improved thereby.
- (6) That approval of the application should serve to prevent waste and will not violate correlative rights.
- (7) That the subject application should be approved.

IT IS THEREFORE ORDERED:

- (1) That Order (1) of Commission Order No. R-4691-A is hereby amended to read in its entirety as follows:


"(1) That the Special Rules and Regulations governing the North Dagger Draw-Upper Pennsylvanian Pool, promulgated by Order No. R-4691, shall remain in full force and effect for an additional period of one year provided, however, that said rules are hereby amended to provide for 160-acre spacing and proration units and to provide a special depth bracket allowable of 350 barrels of oil per day."

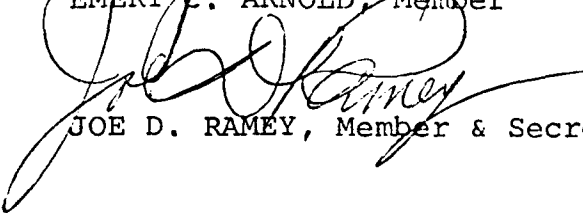
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF CASE 5117 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4691-A,
WHICH ORDER EXTENDED THE TEMPORARY SPECIAL POOL
RULES FOR THE NORTH DAGGER DRAW-UPPER PENNSYLVANIAN
POOL, EDDY COUNTY, NEW MEXICO.

CASE NO. 5117
Order No. R-4691-C

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 9, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of March, 1977, 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-4691 dated December 11, 1973,
temporary special rules and regulations were promulgated for
the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County,
New Mexico, establishing 320 acre spacing for the pool and a
special depth bracket allowable of 427 barrels of oil per day.

(3) That by Order No. R-4691-A dated February 3, 1976,
the spacing was changed from 320 to 160 acres and the special
depth bracket allowable from 427 barrels per day to 267 barrels
per day.

(4) That Order No. R-4691-B dated October 12, 1976, left
the spacing unchanged at 160 acres but changed the special
depth bracket allowable from 267 barrels per day to 350 barrels
of oil per day.

(5) That pursuant to the provisions of Order No. R-4691-A
this case was reopened to allow the operators in the subject
pool to appear and show cause why the North Dagger Draw-Upper
Pennsylvanian Pool should not be developed on less than 160-acre
spacing units.

(6) That the evidence establishes that one well in the North Dagger Draw-Upper Pennsylvanian Pool can efficiently and economically drain and develop 160 acres and that the Special Depth Bracket Allowable of 350 barrels of oil per day should be retained.

(7) That the Special Rules and Regulations promulgated by Order No. R-4691, as amended by Orders Nos. R-4691-A and R-4691-B, have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil and gas in the pool, will protect correlative rights, and will not cause waste.

(8) 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, the Special Rules and Regulations promulgated by Order No. R-4691, as amended, should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:


(1) That the special rules and regulations for the North Dagger Draw-Upper Pennsylvanian Pool as promulgated by Order No. R-4691, as amended by Orders Nos. R-4691-A and R-4691-B, are hereby continued in full force and effect until further order of the Commission.

(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

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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