

(NORTH SHOE BAR-STRAWN POOL - Cont'd.)

Lea County, New Mexico, and with horizontal limits defined as being the NW/4 of Section 13.

(3) That the aforesaid Hillburn Well No. 1 is hereby assigned an oil discovery allowable in the amount of 56,445 barrels, to be produced at a rate not to exceed 78 barrels per day.

(4) That effective November 10, 1973, Special Rules and Regulations for the North Shoe Bar-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH SHOE BAR-STRAWN POOL

RULE 1. Each well completed or recompleted in the North Shoe Bar-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn oil 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 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

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 consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard 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 offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

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

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a depth bracket allowable of 605 barrels, subject to the market demand percentage factor, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

RULE 7. (As Added by Order No. R-4658-A, February 21, 1974.) A limiting gas-oil ratio of 4000 cubic feet of gas per barrel of oil produced is hereby established for the pool.

IT IS FURTHER ORDERED (As Added by Order No. R-4658-A, February 21, 1974):

(1) The applicant shall prepare estimates of recovery from the North Shoe Bar-Strawn Pool under the gas-oil ratios and conditions set out in Finding (7) of this order for presentation at the examiner hearing to be held in November, 1974, as required by Commission Order No. R-4658. (Finding No. 7: "That the applicant has made no determination of ultimate recovery of hydrocarbons from the subject pool to the economic limit at limiting gas-oil ratios of 2000 to 1 and 4000 to 1 or under conditions of gas reinjection or pressure maintenance.")

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Shoe Bar-Strawn Pool or in the Strawn 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 November 30, 1973.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the North Shoe Bar-Strawn Pool shall have dedicated thereto 160 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 160 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.

(3) That this cause shall be reopened at an examiner hearing in November, 1974, at which time the operators in the subject pool may appear and show cause why the North Shoe Bar-Strawn Pool should not be developed on less than 160-acre spacing units.

(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.