

(JENKINS-CISCO POOL - Cont'd.)

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Jenkins-Cisco Pool or in the Cisco 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 September 1, 1966.

(2) That each well presently drilling to or completed in the Jenkins-Cisco Pool or in the Cisco formation within one mile thereof shall, after September 1, 1966, receive an allowable in the same proportion to a standard 160-acre allowable for the pool as the acreage presently dedicated to the well bears to 160 acres, until Form C-102 dedicating 160 acres to the well has been filed with the Commission, or until a non-standard unit containing less than 160 acres has been approved.

(3) That this case shall be reopened at an examiner hearing in February, 1967, at which time the operators in the subject pool may appear and show cause why the 160-acre proportional factor of 4.77 assigned to the Jenkins-Cisco Pool should not be retained.

(4) That Order No. R-2931-A entered by the Commission on July 14, 1966, is hereby superseded.

(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.

MCMILLAN-MORROW GAS POOL
Eddy County, New Mexico

Order No. R-2917, Creating and Adopting Temporary Operating Rules for the McMillan-Morrow Gas Pool, Eddy County, New Mexico, June 8, 1965.

Order No. R-2917-A, July 27, 1966, extends to January, 1968 the rules adopted in Order No. R-2917.

Order No. R-2917-B, January 16, 1968, makes permanent the temporary rules adopted in Order No. R-2917.

See separate Order No. R-5829, October 6, 1978, limiting application of rules adopted in Order No. R-2917 to certain lands.

Application of Harvey E. Yates and Yates Drilling Company for the Creation of a New Gas Pool and for Special Pool Rules, Eddy County, New Mexico.

CASE NO. 3252
Order No. R-2917

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on May 26, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of June, 1965, 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 applicants, Harvey E. Yates and Yates Drilling Company, seek the creation of a new gas pool for Morrow production in Eddy County, New Mexico, and the promulgation of special rules and regulations, including a provision for 640-acre spacing units.

(3) That the Hondo Singer "C" Well No. 1, located in Unit F of Section 18, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico, has discovered a separate common source of supply which should be designated the McMillan-Morrow Gas Pool; that the vertical limits of said pool should be the Morrow zone of the Pennsylvanian formation; and that the horizontal limits of said pool should be all of Section 13, Township 20 South, Range 26 East, and all of Sections 7 and 18, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico.

(4) 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 640-acre spacing units should be promulgated for the McMillan-Morrow Gas Pool.

(5) 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.

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the McMillan-Morrow Gas Pool, at which time the operators in the subject pool should appear and show cause why the McMillan-Morrow Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the McMillan-Morrow Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS FURTHER ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated the McMillan-Morrow Gas Pool, with vertical limits comprising the Morrow zone of the Pennsylvanian formation, and horizontal limits comprising all of Section 13, Township 20

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 12473 Exhibit No. 1

Submitted by:

Harvey E. Yates Company

Hearing Date: August 10, 2000

(McMILLAN-MORROW GAS POOL - Cont'd.)

South, Range 26 East, and all of Sections 7 and 18, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) That temporary Special Rules and Regulations for the McMillan-Morrow Gas Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
McMILLAN-MORROW GAS POOL**

RULE 1. Each well completed or recompleted in the McMillan-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas 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 640 acres, more or less, consisting of a governmental section.

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 Lands Survey, 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 governmental section 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 interests in the section 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 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

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.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the McMillan-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before July 1, 1965.

(2) That each well presently drilling to or completed in the McMillan-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive a 320-acre allowable until a Form C-102 dedicating 640 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the McMillan-Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the McMillan-Morrow Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the McMillan-Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(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.

**NONOMBRE-UPPER PENNSYLVANIAN POOL
NONOMBRE-LOWER PENNSYLVANIAN POOL
Lea County, New Mexico**

Order No. R-2929, Creating and Adopting Temporary Operating Rules for the Nonombre-Upper Pennsylvanian and Nonombre-Lower Pennsylvanian Pools, Lea County, New Mexico, June 15, 1965.

Order No. R-2929-A, July 27, 1966, makes permanent the temporary rules adopted in Order No. R-2929.

Application of Midwest Oil Corporation for the Creation of Two New Oil Pools, and for Special Pool Rules, Lea County, New Mexico.

CASE NO. 3259
Order No. R-2929

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on June 9, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

**(EMPIRE-PENNSYLVANIAN GAS (RULES RESCINDED)
POOL - Cont'd.)**

(5) That the applicant and the only operator of wells in said pool requested that the application in this case be amended to provide for the rescission of the Special Rules and Regulations for said Empire-Pennsylvanian Gas Pool.

(6) That, provided the locations of all wells currently completed within said Empire-Pennsylvanian Gas Pool are approved, the effect of granting an order in conformance with the proposed amended application would be the same as granting applicant's alternative application.

(7) That the application should be amended to provide for rescission of said special rules and regulations.

(8) That the locations of all wells currently completed within said Empire-Pennsylvanian Gas Pool should be approved.

(9) That the application for rescission of the Special Rules and Regulations for the Empire-Pennsylvanian Gas Pool should be approved.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, as promulgated by Order No. R-3529 entered October 22, 1968, are hereby rescinded.

PROVIDED HOWEVER, that the location of any well completed in said Empire-Pennsylvanian Gas Pool prior to the effective date of this order is hereby approved.

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

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

**McMILLAN-MORROW GAS POOL
(Rules Limited)
Eddy County, New Mexico**

Order No. R-5829, Limiting Application of Rules for the McMillan-Morrow Gas Pool, Eddy County, New Mexico, October 6, 1978.

Application of Mark D. Wilson to Limit Application of Pool Rules, Eddy County, New Mexico.

CASE NO. 6337
Order No. R-5829

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 9 a.m. on September 27, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of October, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That applicant, Mark D. Wilson, seeks to limit the application of the Special Rules and Regulations for the McMillan-Morrow Gas Pool, Eddy County, New Mexico, to the horizontal limits of said pool only.

(3) That said McMillan-Morrow Gas Pool has been developed and operated on 640-acre spacing pursuant to the provisions of Division Order No. R-2917, dated June 8, 1965.

(4) That the productive limits of the McMillan-Morrow Gas Pool have been defined by the wells drilled within and immediately outside the presently defined pool boundaries.

(5) That any new production which may be established in this area will in all probability be from a separate common source of supply and should not necessarily be subject to the Special Pool Rules established for the McMillan-Morrow Gas Pool.

(6) That limitation of the application of the McMillan-Morrow Gas Pool Rules to wells located within the boundaries of the McMillan-Morrow Gas Pool as they now exist will not cause waste or impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the 640-acre spacing rules and special well location requirements applicable to the McMillan-Morrow Gas Pool shall be effective only insofar as they apply to the following-described lands in Eddy County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 13: All
Section 24: All

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 7: All
Sections 18 and 19: All

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

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