

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1325
Order No. R-1091

APPLICATION OF AMERADA PETROLEUM
CORPORATION FOR AN ORDER AMENDING
ORDER NO. R-991, INsofar AS SAID
ORDER PERTAINS TO THE BAGLEY-UPPER
PENNSYLVANIAN GAS POOL IN LEA COUNTY,
NEW MEXICO, TO EXTEND THE HORIZONTAL
LIMITS OF SAID POOL AND TO PROVIDE
FOR STANDARD DRILLING UNITS OF 320
ACRES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1957, and again at 9 o'clock a.m. on November 14, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th day of November, 1957, the Commission, a quorum being present, having considered the application and the evidence adduced, 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, Amerada Petroleum Corporation, proposes the establishment of 320-acre gas well spacing in the Bagley-Upper Pennsylvanian Gas Pool and such other Rules and Regulations as the Commission may deem necessary.
- (3) That there is sufficient evidence to justify the establishment of 320-acre spacing in the Bagley-Upper Pennsylvanian Gas Pool on a temporary basis.
- (4) That the 320-acre spacing units should be comprised of any two contiguous quarter sections of a single governmental section, being a sub-division of the United States Public Lands Survey.

(5) That no well should be drilled to or recompleted in the Bagley-Upper Pennsylvanian Gas Pool nearer than 660 feet to any boundary line of the unit nor nearer than 330 feet to any governmental quarter-quarter section line; provided however that the Secretary-Director of the Commission should have authority to grant exception to the foregoing well location requirements.

(6) That this case should be heard again by the Commission at the monthly hearing in July, 1958, to permit the applicant and all other interested parties to appear and show cause why the spacing provisions of this order should be continued in effect.

(7) That any well presently projected to or completed in the Bagley-Upper Pennsylvanian Gas Pool should be excepted from the 320-acre spacing requirements for said pool.

(8) That the applicant proposes to extend the horizontal limits of the Bagley-Upper Pennsylvanian Gas Pool to include the following acreage:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
Section 33: S/2 and S/2 N/2
Section 34: S/2 and S/2 N/2

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 2: W/2 SW/4
Section 3: N/2, SE/4, and N/2 SW/4
Section 4: N/2 & N/2 SE/4

(9) That the applicant has proven that the following described acreage can reasonably be expected to be productive of gas from the Bagley-Upper Pennsylvanian Gas Pool:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
Section 34: S/2

and that the horizontal limits of the Bagley-Upper Pennsylvanian Gas Pool should be extended to include said acreage.

(10) That the following described acreage is presently within the horizontal limits of the Bagley-Upper Pennsylvanian Gas Pool, as defined by the Commission:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 3: N/2 and SE/4
Section 4: NE/4

(11) That the applicant has failed to prove that the following described acreage can reasonably be expected to be productive of gas from the Bagley-Upper Pennsylvanian Gas Pool:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
Section 33: S/2 & S/2 N/2
Section 34: S/2 N/2

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

Section 2: W/2 SW/4
Section 3: N/2 SW/4
Section 4: NW/4 & N/2 SE/4

(12) That certain wells have been completed within one mile of the defined limits of the Bagley-Upper Pennsylvanian Gas Pool which are capable of producing liquid hydrocarbons from the Upper Pennsylvanian (8600-foot) zone with gravities in the range which is commonly accepted to be that of crude petroleum oil, and that such wells should be classified as oil wells.

(13) That an oil well in the Bagley-Upper Pennsylvanian Gas Pool should be defined as a well which produces liquid hydrocarbons possessing a corrected gravity of 55° API or less.

(14) That an oil well in the Bagley-Upper Pennsylvanian Gas Pool should have dedicated thereto a proration unit consisting of 40 acres, more or less, being a governmental quarter-quarter section legal sub-division of the United States Public Lands Survey.

(15) That no acreage should be simultaneously dedicated to an oil well and to a gas well in the Bagley-Upper Pennsylvanian Gas Pool.

IT IS THEREFORE ORDERED:

(1) The Special Rules and Regulations for the Bagley-Upper Pennsylvanian Gas Pool, as set forth in Order R-991, be and the same are hereby superseded by the Special Rules and Regulations hereinafter set forth.

(2) That any well which was projected to or completed in the Bagley-Upper Pennsylvanian Gas Pool prior to the effective date of this order be and the same is hereby granted an exception to Rule 2 (a) of the Special Rules and Regulations hereinafter set forth which requires that each well drilled or recompleted in the Bagley-Upper Pennsylvanian Gas Pool shall have dedicated thereto a tract comprising 320 acres.

Further, that any increase in the acreage dedicated to any such excepted well shall become effective the first day of the month following receipt by the Commission of Commission Form C-128, Well Location and Acreage Dedication Plat, provided said Form C-128 indicates that the acreage dedication to such well has been increased in conformance with the Special Rules and Regulations.

(3) That the horizontal limits of the Bagley-Upper Pennsylvanian Gas Pool, as set forth in Exhibit "A" of Order R-991, and as extended by Order R-1059, be and the same are hereby extended to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Section 34: S/2

(4) That the Special Rules and Regulations hereinafter set forth shall be of no further force nor effect after August 31, 1958.

(5) That this case shall be called for hearing before the Commission at the monthly hearing in July, 1958, to permit the applicant and all other interested parties to appear and present the results of bottom-hole pressure tests, interference tests, and/or such other evidence as may be available to show cause why the Special Rules and Regulations hereinafter set forth should be continued in effect beyond August 31, 1958.

(6) That special pool rules applicable to the Bagley-Upper Pennsylvanian Gas Pool be and the same are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
BAGLEY-UPPER PENNSYLVANIAN GAS POOL

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Bagley-Upper Pennsylvanian Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Bagley-Upper Pennsylvanian Gas Pool shall be spaced, drilled, and operated in accordance with the Rules and Regulations in effect in said Bagley-Upper Pennsylvanian Gas Pool provided said well is projected to and/or completed in the so-called "8600-foot" zone.

RULE 2. (a) That each well drilled or recompleted in the Bagley-Upper Pennsylvanian Gas Pool shall be located on a tract consisting of approximately 320 acres comprising any two contiguous quarter sections of a single governmental section, being a legal sub-division of the United States Public Lands Survey.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 2 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with.

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections or lots.

2. The non-standard proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. That applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

6. In lieu of Paragraph 5 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application, if, after a period of 30 days following the mailing of said notice, no operator has made objection to the formation of such non-standard gas proration unit.

RULE 3. (a) That no well shall be drilled to or recompleted in the Bagley-Upper Pennsylvanian Gas Pool nearer than 660 feet to any boundary line of the unit nor nearer than 330 feet to any governmental quarter-quarter section line.

(b) The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rule 3 (a) without notice and hearing where a verified application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 5280-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection from any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. Each gas purchaser in the Bagley-Upper Pennsylvanian Gas Pool shall take ratably from all wells producing from said common source of supply, apportioning its takes during any given calendar year among said wells on the basis of the acreage dedicated thereto.

RULE 5. No natural gas nor casinghead gas produced from the Bagley-Upper Pennsylvanian Gas Pool shall be flared or vented unless specifically authorized by the Commission after notice and hearing.

RULE 6. The monthly gas production from each well and from each common source of supply shall be metered separately and the gas production and associated liquid hydrocarbon production therefrom shall be reported to the Commission in accordance with the applicable Commission Rules and Regulations.

RULE 7. An oil well in the Bagley-Upper Pennsylvanian Gas Pool shall be defined as a well which produces hydrocarbons possessing a gravity of 55° API or less, corrected to 60° Fahrenheit.

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RULE 8. An oil well in the Bagley-Upper Pennsylvanian Gas Pool shall have dedicated thereto a proration unit consisting of 40 acres, more or less, being a governmental quarter-quarter section legal sub-division of the United States Public Lands Survey.

RULE 9. No acreage shall be simultaneously dedicated to an oil well and to a gas well in the Bagley-Upper Pennsylvanian Gas Pool.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



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