

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. 149

ORDER NO. 779

THE APPLICATION OF MID-CONTINENT PETROLEUM CORPORATION, TULSA, OKLAHOMA, FOR AN ORDER OF THE COMMISSION TO ESTABLISH EIGHTY-ACRE PRORATION UNITS; ALSO TO ESTABLISH A UNIFORM PATTERN FOR THE SPACING AND DRILLING WELLS WITH ALLOWANCE FOR TOLERANCE FOR SURFACE OBSTRUCTIONS AND FOR AN ORDER FIXING AND ESTABLISHING ALLOWABLES FOR WELLS DRILLED IN THE CROSSROADS POOL TO A DEPTH BELOW 12,000 FEET, LEA COUNTY, NEW MEXICO. (DEVONIAN FORMATION.)

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock a.m., July 15, 1948, at Santa Fe, New Mexico, before the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission."

NOW, on this the 27th day of July, 1948, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises:

FINDS:

1. That on May 6, 1948, the applicant, Mid-Continent Petroleum Corporation, completed an initial and exploratory test well located in the approximate center of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of section 27, Township 9 South, Range 36 East, Lea County, New Mexico (Crossroads Pool), at a total depth of 12,258 feet; said well having been perforated from a depth of 12,115 feet to a depth of 12,215 feet, with an initial production of 995 barrels of oil, and no water, through a 3/4-inch choke, for a period of six (6) hours, twenty (20) minutes.

2. That the probable area has been delineated and recommended by the Nomenclature Committee for Devonian production as discovered by the above described well as follows:

West half of section 26,
All of section 27,
East half of section 28,
East half of section 33,
All of section 34,
West half of section 35,
All in Township 9 South,
Range 36 East,
Lea County, New Mexico.

That the discovery producing well in center of SW $\frac{1}{4}$ SE $\frac{1}{4}$ section 27, and the drilling wells in center of NE $\frac{1}{4}$ NE $\frac{1}{4}$ section 33, and center of NE $\frac{1}{4}$ NW $\frac{1}{4}$ of section 34, center of NE $\frac{1}{4}$ SW $\frac{1}{4}$ section 27, and center of SW $\frac{1}{4}$ SW $\frac{1}{4}$ section 26, all are within the probable area as above described;

That it is the intention of this order to cover all wells now or hereafter drilling to and producing from the common source of supply from which the discovery well as above described has been drilled to and is now producing from, whether within the probable area as above delineated or any extension thereto, so as to insure a proper and uniform spacing, developing, and producing plan for all wells in this common source of supply.

3. That due to conditions established by the aforesaid discovery well, the Commission finds it advisable to amend and supplement its present rules, regulations and orders to properly cover the question of development of leases and spacing of wells now or hereafter drilling to, into and producing from the Devonian formation, encountered at a depth below 12,000 feet in the Crossroads Pool.

4. That the present rules, regulations, and orders of the Commission are adequate and sufficient to properly cover the drilling, equipping, and operating of wells to the new common source as found in said above described well and, therefore, the general Statewide Rules and Lea County Rules should remain in full force and effect except as hereinafter modified, amended or superseded.

5. That the Devonian formation, as found in the discovery well below 12,000 feet, is a common source of supply which should be drilled and developed on a program other than that normally followed under the present rules, regulations, and orders of the Commission, particularly Order No. 637, effective March 1, 1946, with respect to units of proration, spacing and assignment of allowables, because of the depth of such wells, the time necessary to drill, and the high costs attached thereto, in addition to the hazards and scarcity of materials.

6. That in the interest of the State of New Mexico and in the interest of the general public, encouragement should be given to operators to explore and develop the natural resources of the State by the establishment of a proper and equitable spacing and development program.

IT IS THEREFORE ORDERED:

SECTION 1. That the Mid-Continent, Sawyer No. 1 well, located in the center of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ section 27, is producing from the Devonian formation, a new common source of supply not heretofore discovered and produced in the State, and that the probable area for such production is as follows:

West half of section 26,
All of section 27,
East half of section 28,
East half of section 33,
All of section 34,
West half of section 35,
All in Township 9 South,
Range 36 East,
Lea County, New Mexico.

That this order is meant to cover all of the Devonian formation common source of supply productive in the Mid-Continent, Sawyer No. 1, located in the center of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ section 27, and any well drilled within, or outside the area spaced herein, to the same common source of supply as an extension thereof, shall be drilled on the pattern provided for herein.

SECTION 2. That 80-acre spacing and drilling units be established as hereinafter provided for the production of oil and gas from the Devonian formation underlying the area as hereinabove set forth.

SECTION 3. That each governmental quarter section be divided into two rectangular spacing units by a line drawn through such quarter section, all as shown on a plat attached hereto, and made a part hereof, and marked Exhibit "A," with the wells to be drilled, one in the center of the northeast quarter and one in the center of the southwest quarter of each quarter section, all as shown on Exhibit "A;" however, if surface conditions justify, locations may be made within a radius of 150 feet from the centers thereof, provided further, however, that the units within a quarter section, as established by this order as shown on Exhibit "A," may be changed by agreement of the operators within said quarter section upon proper showing to the Commission.

SECTION 4. That the allowable be assigned on the basis of proration units as herein established, and any proration unit of less than the normal one-half of a governmental quarter section as the result of an exception granted by the Commission after notice and hearing, shall be assigned an allowable in proportion to the assignable acreage of that unit as it bears to the normal one-half of a governmental quarter section.

SECTION 5. That the daily oil allowable of a normal unit of one-half of a quarter section^{be} assigned to the discovery well and all other wells hereafter drilled and produced in accordance with the terms of this order shall be the proportional factor of 6.75 times top allowable until such time as the Commission may issue such further and additional orders as may be deemed necessary.

SECTION 6. All rules, regulations and orders heretofore issued by this Commission which may conflict herewith are superseded, only with respect to Devonian formation production below 12,000 feet in the Crossroads Pool.

SECTION 7. That this order shall become effective on August 16, 1948.

SECTION 8. The Commission retains jurisdiction in this case for the purpose of issuing such further and additional orders as may be necessary to meet changed conditions, preclude inequities, and preserve correlative rights; all upon the motion of the Commission or upon the petition of any interested operator upon a public hearing, after notice as provided by law.

DONE at Santa Fe, New Mexico, this 27th day of July, 1948.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Thomas J. Mabry
THOMAS J. MABRY, Chairman

JOHN E. MILES, Member

R. R. Spurrler
R. R. SPURRLER, Secretary

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NOW, on this the 27th day of July, 1948, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises:

FINDS:

1. That on May 6, 1948, the applicant, Mid-Continent Petroleum Corporation, completed an initial and exploratory test well located in the approximate center of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of section 27, Township 9 South, Range 36 East, Lea County, New Mexico (Crossroads Pool), at a total depth of 12,258 feet; said well having been perforated from a depth of 12,115 feet to a depth of 12,215 feet, with an initial production of 995 barrels of oil, and no water, through a 3/4-inch choke, for a period of six (6) hours, twenty (20) minutes.

2. That the probable area has been delineated and recommended by the Nomenclature Committee for Devonian production as discovered by the above described well as follows:

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"EXHIBIT A"

That it is the intention of this order to cover all wells now or hereafter drilling to and producing from the common source of supply from which the discovery well as above described has been drilled to and is now producing from, whether within the probable area as above delineated or any extension thereto, so as to insure a proper and uniform spacing, developing, and producing plan for all wells in this common source of supply.

3. That due to conditions established by the aforesaid discovery well, the Commission finds it advisable to amend and supplement its present rules, regulations and orders to properly cover the question of development of leases and spacing of wells now or hereafter drilling to, into and producing from the Devonian formation, encountered at a depth below 12,000 feet in the Crossroads Pool.

4. That the present rules, regulations, and orders of the Commission are adequate and sufficient to properly cover the drilling, equipping, and operating of wells to the new common source as found in said above described well and, therefore, the general Statewide Rules and Lea County Rules should remain in full force and effect except as hereinafter modified, amended or superseded.

5. That the Devonian formation, as found in the discovery well below 12,000 feet, is a common source of supply which should be drilled and developed on a program other than that normally followed under the present rules, regulations, and orders of the Commission, particularly Order No. 637, effective March 1, 1946, with respect to units of proration, spacing and assignment of allowables, because of the depth of such wells, the time necessary to drill, and the high costs attached thereto, in addition to the hazards and scarcity of materials.

6. That in the interest of the State of New Mexico and in the interest of the general public, encouragement should be given to operators to explore and develop the natural resources of the State by the establishment of a proper and equitable spacing and development program.

IT IS THEREFORE ORDERED:

SECTION 1. That the Mid-Continent, Sawyer No. 1 well, located in the center of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 27, is producing from the Devonian formation, a new common source of supply not heretofore discovered and produced in the State, and that the probable area for such production is as follows:

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SECTION 2. That 80-acre spacing and drilling units be established as hereinafter provided for the production of oil and gas from the Devonian formation underlying the area as hereinabove set forth.

SECTION 3. That each governmental quarter section be divided into two rectangular spacing units by a line drawn through such quarter section, all as shown on a plat attached hereto, and made a part hereof, and marked Exhibit "A", with the wells to be drilled, one in the center of the northeast quarter and one in the center of the southwest quarter of each quarter section, all as shown on Exhibit "A"; however, if surface conditions justify, locations may be made within a radius of 150 feet from the centers thereof, provided further, however, that the units within a quarter section, as established by this order as shown on Exhibit "A", may be changed by agreement of the operators within said quarter section upon proper showing to the Commission.

SECTION 4. That the allowable be assigned on the basis of proration units as herein established, and any proration unit of less than the normal one-half of a governmental quarter section as the result of an exception granted by the Commission after notice and hearing, shall be assigned an allowable in proportion to the assignable acreage of that unit as it bears to the normal one-half of a governmental quarter section.

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SECTION 7. That this order shall become effective on August 16, 1948.

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(Signed)
THOMAS J. MABRY, Chairman

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