

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. 2469
Order No. R-2175-B

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR THE ESTABLISHMENT OF
SPECIAL RULES AND REGULATIONS FOR
THE LUSK-STRAWN POOL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 14, 1962, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 4th day of April, 1962, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, El Paso Natural Gas Company, on rehearing, seeks a modification of the Special Rules and Regulations for the Lusk-Strawn Pool as contained in Order No. R-2175 entered in Case No. 2469 on January 30, 1962, to provide for the development of said pool on 160-acre proration units.

(3) That the present testimony of the applicant indicates that one well can efficiently drain 160-acres.

(4) That the present testimony of the applicant relative to the economics of drilling in the subject pool indicates that development on less than 160-acre oil proration units would be uneconomical.

(5) That the Special Rules and Regulations for the Lusk-Strawn Pool as contained in Order No. R-2175 should be modified to provide for 160-acre oil proration units.

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IT IS THEREFORE ORDERED:

(1) That Special Rules and Regulations for the Lusk-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE LUSK-STRAWN POOL

RULE 1. Each well completed or recompleted in the Lusk-Strawn Pool or in the Strawn formation within one mile of the Lusk-Strawn Pool, and not nearer to nor within the limits of another designated Strawn pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Lusk-Strawn Pool shall be located on a 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 Lands Survey.

RULE 3. Each well completed or recompleted in said pool shall not be drilled closer than 660 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line. Any well which was drilling to or recompleted in the Lusk-Strawn Pool prior to January 4, 1962, is granted an exception to the well location requirements of this Rule.

RULE 4. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising less than 160 acres. 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 of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

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

RULE 5. A 160-acre proration unit (158 through 162 acres) in the Lusk-Strawn Pool shall be assigned a 160-acre proportional factor of 8.67 for allowable purposes, 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 in any proportion.

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RULE 6. The limiting gas-oil ratio in the Lusk-Strawn Pool shall be 4000 : 1.

PROVIDED HOWEVER, That the provisions of Rules 5 and 6 shall not become effective until such time as all wells presently completed in the subject pool are connected to a casinghead gas gathering system.

(2) That Order No. R-2175 entered in Case No. 2469 on January 30, 1962, is hereby superseded.

(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



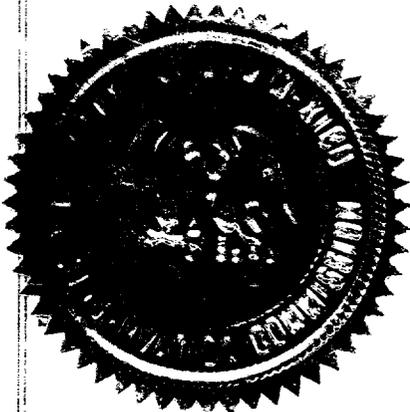
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR THE ESTABLISHMENT OF
SPECIAL RULES AND REGULATIONS FOR
THE LUSK-STRAWN POOL, LEA COUNTY,
NEW MEXICO.

CASE No. 2469
Order No. R-2175-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for reconsideration upon the Application of El Paso Natural Gas Company for a Rehearing in Case No. 2469, Order No. R-2175, heretofore entered by the Commission on January 30, 1962.

NOW, on this 15th day of February, 1962, the Oil Conservation Commission, a quorum being present, having considered the Application for Rehearing,

FINDS:

(1) That the Application for Rehearing alleges that the applicant has new and additional evidence to present concerning well costs and recoverable reserves in the Lusk-Strawn Pool, Lea County, New Mexico.

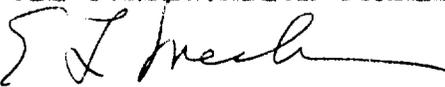
(2) That the Application for Rehearing should be granted.

IT IS THEREFORE ORDERED:

That the Application of El Paso Natural Gas Company for Rehearing in Case No. 2469, Order No. R-2175, is hereby granted. The rehearing in this matter shall be heard by the Commission at its regular monthly hearing on March 14, 1962, and such new order shall be entered after rehearing as may be required under the circumstances.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


E. S. WALKER, Member


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



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. 2469
Order No. R-2175

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR THE ESTABLISHMENT OF
SPECIAL RULES AND REGULATIONS FOR
THE LUSK-STRAWN POOL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 30th day of January, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, El Paso Natural Gas Company, seeks the establishment of special rules and regulations for the Lusk-Strawn Pool, Lea County, New Mexico, including provisions for 160-acre oil proration units and for a limiting gas-oil ratio of 4000 : 1.

(3) That the evidence presented by the applicant concerning the drainage characteristics of the reservoir indicates that good communication exists and that one well can drain in excess of 40 acres.

(4) That the evidence presented by the applicant concerning the economics of drilling in the subject pool reflects that development on 80-acre proration units will be unprofitable; that this evidence is based, in part, upon well costs which appear to the Commission to be excessive and upon recoverable reserves which appear to the Commission to be too conservative.

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(5) That, in the opinion of the Commission, the subject pool can be efficiently and economically drained and developed on 80-acre proration units.

(6) That the application for 160-acre oil proration units in the subject pool should be denied.

(7) That inasmuch as the solution gas-oil ratio in the subject pool is 3084 : 1, a limiting gas-oil ratio of 4000 : 1 is justified.

(8) That special rules and regulations should be established for the Lusk-Strawn Pool providing for 80-acre oil proration units and for a limiting gas-oil ratio of 4000 : 1.

(9) That to prevent the flaring of an undue amount of casinghead gas, the allowable and gas-oil ratio provisions of the special rules should be made effective on the date all wells in the subject pool are connected to a casinghead gas gathering facility.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company for the establishment of 160-acre oil proration units in the Lusk-Strawn Pool, Lea County, New Mexico, is hereby denied.

(2) That special rules and regulations for the Lusk-Strawn Pool in Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE LUSK-STRAWN POOL

RULE 1. Each well completed or recompleted in the Lusk-Strawn Pool or in the Strawn formation within one mile of the Lusk-Strawn Pool, and not nearer to nor within the limits of another designated Strawn pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Lusk-Strawn Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in said 80-acre unit.

RULE 3. The initial well on any 80-acre unit in said pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit on which the well is located.

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Any well which was drilling to or recompleted in the Lusk-Strawn Pool prior to January 4, 1962, is granted an exception to the well location requirements of this Rule.

RULE 4. For good cause shown, the Secretary-Director may grant exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Lusk-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the Lusk-Strawn Pool shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

RULE 6. The limiting gas-oil ratio in the Lusk-Strawn Pool shall be 4000 : 1.

PROVIDED HOWEVER, That the provisions of Rules 5 and 6 shall not become effective until such time as all wells in the subject pool are connected to a casinghead gas gathering system.

(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



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member

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



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