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ARTESIA, NEW MEXICO

A. J. LOSEE
EDWARD B. STEWART

AREA CODE 505
746-3508

10 December 1965

DEC 13 1965

Mr. J. M. Durrett, Jr.
General Counsel
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

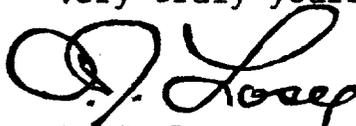
Re: Oil Conservation Commission Case No. 3350

Dear Mr. Durrett:

Enclosed herewith you will please find triplicate copies of Application of International Oil & Gas Corporation for the creation of a new oil pool for Wolfcamp production and for the creation of a new oil pool for Bone Spring production, Lea County, New Mexico, and the establishment of special rules for each pool, including a provision for 80-acre proration units. This application has been enlarged to include a request for establishment of a new oil pool for Bone Pring production with a provision for 80-acre proration units for both Bone Spring and Wolfcamp production.

In accordance with our telephone conversation of this date, I understand that we will be permitted to put on testimony supporting the creation of the Wolfcamp Oil Pool and the Bone Spring Oil Pool even though the notice of this hearing was limited to Wolfcamp Oil Pool. I also understand that it will be necessary to republish the notice of our hearing before any order may be entered in the case. As stated in our telephone conversation, this procedure will save us the inconvenience of an additional trip to Santa Fe.

Very truly yours,



A. J. Losee

Enclosures
AJL:rh

DOCKET MAILED

Date 12-23-65

Ed. J. Losee

DEC 13 1965

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF INTERNATIONAL :
OIL & GAS CORPORATION FOR THE CREATION OF A NEW :
OIL POOL FOR WOLFCAMP PRODUCTION AND FOR THE :
CREATION OF A NEW OIL POOL FOR BONE SPRING PRO- :
DUCTION, LEA COUNTY, NEW MEXICO, AND THE ESTABLISH- :
MENT OF SPECIAL RULES FOR EACH POOL, INCLUDING A : No. 3350
PROVISION FOR 80-ACRE PRORATION UNITS :

APPLICATION

COMES INTERNATIONAL OIL & GAS CORPORATION by its
attorneys, Losee and Stewart, and states:

1. That two common sources of supply of oil were
discovered by applicant in its Linam #1 well located 660
feet from the east line and 1980 feet from the south line of
Section 21, Township 18 South, Range 32 East, N.M.P.M., Lea
County, New Mexico.

2. A common source of supply of oil was discovered
in the above mentioned well in the Bone Spring formation at
depths between 8708 and 8716 feet below the surface and such
source of supply should be designated as the Young Bone Spring
Oil Pool and should at least include the E/2 SE/4 of said
Section 21.

3. Also, a second common source of supply of oil
was discovered in the above mentioned well in the Wolfcamp
formation at depths between 10,502 and 10,712 feet below the
surface and such source of supply should be designated as
the Young Wolfcamp Oil Pool and should at least include the
E/2 SE/4 of said Section 21.

4. That the geological and engineering data known

to applicant indicates that each of these common sources of supply can be efficiently and economically drained on 80-acre oil proration units with an allowable factor for the Young Bone Spring Pool equal to four times the normal unit allowable and with an allowable factor for the Young Wolfcamp Pool equal to 5.67 times the normal unit allowable.

5. The applicant requests the promulgation of special rules and regulations for the Young Bone Spring Oil Pool and for the Young Wolfcamp Oil Pool; and a copy of the proposed rules and regulations identical for each pool is hereto attached and by reference made a part hereof.

6. The names and addresses of all operators, directly or diagonally offsetting the proposed Young Bone Spring and Young Wolfcamp Oil Pools are as follows:

Shell Oil Company
P. O. Box 1509
Midland, Texas

The Atlantic Refining Company
P. O. Box 1978
Roswell, New Mexico

Redfern Development Company
Box 1747
Midland, Texas

Sinclair Oil & Gas Company
P. O. Box 1470
Midland, Texas

Superior Oil Company
P. O. Box 1900
Midland, Texas

7. That the creation of the Young Bone Spring Oil Pool and the creation of the Young Wolfcamp Oil Pool and the establishment of 80-acre spacing units for each such common source of oil supply will be in the interest of conservation, prevent waste and correlative rights will be protected.

WHEREFORE, applicant prays the order of the Commission as follows:

1. That this matter be set for hearing before an examiner duly appointed by the Commission and that due notice be given thereof as required by law.

2. That after such hearing an order be entered creating the Young Bone Spring Oil Pool and the Young Wolfcamp Oil Pool, establishing 80-acre spacing units for each oil pool with the 80-acre proportional factor for pools from 8,000 to 9,000 feet for the Young Bone Spring Pool and from 10,000 to 11,000 feet for the Young Wolfcamp Pool and promulgating special rules and regulations for each pool.

3. And for such other relief as may be just in the premises.

INTERNATIONAL OIL & GAS CORPORATION

By 

A. J. Losee
Losee and Stewart
Attorneys at Law
P. O. Drawer 239
Artesia, New Mexico

Attorneys for Applicant

**SPECIAL RULES AND REGULATIONS FOR THE YOUNG
BONE SPRING OIL POOL AND THE YOUNG WOLFCAMP
OIL POOL**

RULE 1. Each well completed or recompleted in the Young Bone Spring Oil Pool and/or the Young Wolfcamp Oil Pool or in the Bone Spring formation or Wolfcamp formation within one mile of the Young Bone Spring or Young Wolfcamp Oil Pools, and not nearer to nor within the limits of another designated Bone Spring or Wolfcamp 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 Young Bone Spring Oil Pool and the Young Wolfcamp Oil Pool shall be located on a unit containing 80 acres, more or less.

RULE 3. Each well completed or recompleted in said pools shall not be drilled closer than 467 feet to any quarter-quarter section line. Any well which was drilling to or recompleted in the Young Bone Spring or Young Wolfcamp Oil Pools prior to October 14, 1965, 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 80 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 Young Bone Spring Pool and Young Wolfcamp Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 5. An 80-acre proration unit (78 through 82 acres) in the Young Bone Spring Pool or Young Wolfcamp Pool shall be assigned an 80-acre proportional factor 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.