

CASE 5394: WALTER DUNCAN OIL  
PROPERTIES FOR AMENDMENT OF  
SPECIAL POOL RULES, SAN JUAN CO.

CASE No.

5394

Application,  
Transcripts,  
Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 22, 1975

EXAMINER HEARING

IN THE MATTER OF:

Case 5394, continued and readvertised,  
Application of Walter Duncan Oil Pro-  
perties for amendment of special pool  
rules, San Juan County, New Mexico,  
Applicant, in the above styled cause,  
seeks amendment of Rule 2 of the  
Special Rules and Regulations for the  
Slickrock-Dakota Oil Pool to allow  
wells to be drilled to within 25 feet  
of a quarter-quarter section when the  
offset acreage is owned by the operator  
of the well; also to allow drilling to  
within 165 feet of a well producing  
from the same pool.

CASE NO. 5394

BEFORE: Daniel S. Nutter, Examiner

For the New Mexico Oil  
Conservation Commission:

Thomas Derryberry, Esq.  
Legal Counsel for the  
Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:

Jason W. Kellahin, Esq.  
KELLAHIN & FOX  
500 Don Gaspar  
Santa Fe, New Mexico 87501

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

I N D E X

Testimony of Thomas Duggan

Direct Examination by Mr. Kellahin- - - - -	3
Cross Examination by Mr. Nutter - - - - -	8

E X H I B I T S

	<u>Admitted</u>
Exhibit 1	8
Exhibit 2	8
Exhibit 3	8

MR. NUTTER: We'll call the next case, 5394.

MR. DERRYBERRY: Case 5394, Continued and Readvertised.  
Application of Walter Duncan Oil Properties for amendment  
of special pool rules, San Juan County, New Mexico. Appli-  
cant, in the above-styled cause, seeks amendment of Rule 2  
of the Special Rules and Regulations for the Slickrock-  
Dakota Oil Pool to allow wells to be drilled to within 25  
feet of a quarter-quarter section when the offset acreage  
is owned by the operator of the well; also to allow drilling  
to within 165 feet of a well producing from the same pool.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa  
Fe, appearing on behalf of the applicant.

We have one witness I'd like to have sworn.

(Witness sworn.)

THOMAS DUGGAN,

being called as a witness and being duly sworn upon  
his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Thomas A. Duggan.

Q What business are you engaged in, Mr. Duggan?

A I'm a consulting petroleum engineer.

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

Q Have you testified before the Oil Conservation Commission and made your qualifications as a petroleum engineer in the record?

A Yes.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

Q (By Mr. Kellahin) Mr. Duggan, in connection with your work as a consulting engineer have you done any work for Walter Duncan Oil Properties in connection with Case Number 5394?

A Yes, I have.

Q And are you familiar with the application in this case?

A Yes.

Q What is proposed by the applicant?

A The applicant wishes to change the pool rules in the Slickrock-Dakota Oil Pool to allow for a little more flexibility in the location of wells. We'd like to drill within 25 feet of the quarter-quarter line instead of the now present rule of 165 feet.

Q Do you also propose to drill closer than the statewide rules permit to producing wells?

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

A Yes, this field is on two and one-half acre spacing and the pool rules now state that we could not drill closer than 330 feet to an existing well and we wish to change that to 135 feet.

Q Now, referring to what has been marked --

A Excuse me, 165 feet.

Q 165 feet. Referring to what has been marked as the Applicant's Exhibit Number 1, would you identify that exhibit, please?

A Yes. That's just a plat of the area showing the pool boundaries of the Slickrock-Dakota Pool and also of the Hogback-Dakota Pool just to the south, and the two pools are separated by a number of dry holes and that's the extent of this exhibit.

Q Now, referring to Exhibit Number 2, will you identify that exhibit?

A Yes. That's a little more detailed map of the Duncan Properties. He owns the leases inside of the dashed line. Actually, there are four leases involved and each section is a separate lease, and it also shows that the San Juan River bisects the leases along with Highway 550 and a number of other roads and irrigation ditches. There's also several houses in the area, noted by the small squares, and

this is an old irrigation area there and all of the ground between the highway and the San Juan River is under irrigation, and it's divided up into small five and ten acre plots and we difficulty now locating the wells because - and staying with the pool rules - because of the complicated surface areas. Each one of these five and ten acre fields are farmed by separate Navajo families and they are unhappy with us getting out in the middle of their fields, and it is very difficult with all of the present land use in the area to locate the wells, so we need more flexibility in the location of our wells.

Q And in your opinion will the proposed rules suggested in this case help solve that problem?

A Yes, it will help. Of course it won't eliminate it, but it will certainly help a lot.

Q Now, referring to what has been marked as Exhibit Number 3.

A Yes.

Q Would you discuss the geology of this area and state whether it has anything to do with your requirements for flexibility?

A Yes. The surface is very complicated but so is the subsurface. The picture we have of the area is that

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386



there are several faults and a structure, a stratigraphic type of trap, and so the subsurface geology is very, very difficult and we need more flexibility in locating wells because of the subsurface along with the surface.

Q Now you say this pool is already spaced on two and one-half acres?

A Yes, it is.

Q And you're not proposing to change the spacing?

A No, no.

Q And in your opinion will approval of this application result in the prevention of surface damage to property owners in the area?

A Yes, I believe it will. I know it will, in that it will let us stay out of the middle of the fields and locate our wells along the edges of the fields and keep the residents out there at least a little bit happier.

Q In your opinion will the approval of this application prevent waste and protect royalty rights?

A Yes, it will.

Q Were Exhibits 1, 2, and 3 prepared by you or under your supervision?

A Yes, they were.

MR. KELLAHIN: At this time I'd like to offer into

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

evidence Exhibits 1 through 3.

MR. NUTTER: Exhibits 1 through 3 will be admitted.

MR. KELLAHIN: That's all we have.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Duggan, what is the scale on these large exhibits, 2 and 3? I see it's one inch equals 500 feet, but what's represented here by this?

A Well, this two and one-half, well, I guess there are four sections there.

Q This would be all of Section 1, this northwest quadrant?

A Yes, Sections 1, 6, 12, and 7.

Q So we've got four square miles?

A Yes, four sections, that's correct.

Q Now, what is the present spacing? It's one well for two and one-half acres, is that correct?

A Two and one-half acres, yes, sir.

Q Now what are the well location requirements at the present time?

A It's 165 feet from the outer boundary of the lease; outer lease boundaries, and 330 feet from another well, and 135 feet from a quarter-quarter line.

Q Uh-huh, and you're proposing to change that to permit wells to be located within 25 feet of the quarter-quarter line?

A Yes.

Q And there wouldn't be any limit, or do you propose a change with respect to distance from another well that's producing?

A Yes, we propose to change it from 330 to 165.

Q Okay.

A And we don't propose to change the outer boundary, well, from a property owner's outer boundary. We want to change it from the inner lease boundary where the same person owns the offsetting leases, but it's now 165 feet from the lease boundaries and we'd like to change that to a -- or keep that at from the outer boundaries 165 feet so that we're not crowding an offset operator any more than the present pool rules allow.

Q So two wells on different owner's properties would be 330 feet from each other, wouldn't they?

A That's correct.

Q But inside the lease they could be within 165 feet of each other?

A That's correct. We want to change it so that we

can have more flexibility drilling inside the lease and we don't propose to change crowding the outside boundaries.

Q How, what are the little cross-hatched squares?

A Those are houses.

Q I see. And the dry holes in the south end of the pool represent a separation between this and the Hogback, I presume?

A Yes, sir.

Q Are there any other operators in this pool besides Walter Duncan Properties?

A Yes, there is. There are two other operators, one of which is -- is not operating or not producing at this time. Bill Galloway is another operator just to the north of Duncan.

Q And on Exhibit Number 1 what would be his acreage?

A Let's see, Duncan owns all of Section 1 and 6 and then Galloway owns that part of the pool that's in Section 36.

Q I see.

A And then RaJan (sic) Oil owns that part, I believe, that's in Section 31, but they're not producing at this particular time.

Q None of those wells in the north part are?

A No, I don't believe so. I'm sure RaJan is not and there in Section 36 Galloway is producing some of his wells.

Q Are there any further questions of the witness?  
You may be excused.

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That's all, Mr. Nutter.

MR. NUTTER: Does anyone have anything they wish to offer in 5349?

(No response.)

MR. NUTTER: We'll take the case under advisement.

STATE OF NEW MEXICO)  
COUNTY OF SANTA FE )

REPORTER'S CERTIFICATE

I, Sally Walton Boyd, Notary Public and General Court Reporter, Santa Fe, New Mexico, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

Sally Walton Boyd  
Sally Walton Boyd  
Notary Public and General Court  
Reporter

My Commission expires:  
10 September 1975

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5394  
heard by me on 1/22, 19 75

[Signature] Examiner  
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 8, 1975

EXAMINER HEARING

-----  
IN THE MATTER OF: )  
 )  
 )

Application of Dugan Production Cor- )  
poration for amendment of special pool )  
rules, San Juan County, New Mexico. )  
 )  
-----

Case No.  
5394

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

William Carr, Esq.  
Legal Counsel for the  
Commission  
State Land Office Bldg.  
Santa Fe, New Mexico

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

MR. STAMETS: Call the next Case, Case 5394.

MR. CARR: Case 5394. Application of Dugan Production Corporation for amendment of special pool rules, San Juan County, New Mexico.

Mr. Examiner, we received a request that this Case be continued and readvertised for the Examiner Hearing on January 22.

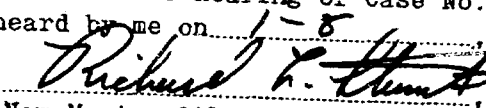
MR. STAMETS: Case 5394 will be continued until January 22.



STATE OF NEW MEXICO )  
COUNTY OF SANTA FE ) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

  
RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5394 heard by me on 1-8, 1975.  
, Examiner  
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

I. R. TRUJILLO  
CHAIRMAN

LAND COMMISSIONER  
PHIL R. LUCERO  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY -- DIRECTOR

January 28, 1975

Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 5394  
ORDER NO. R-3252-A

Applicant:

Walter Duncan Oil Properties

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u>          x          </u>
Artesia OCC	<u>                          </u>
Aztec OCC	<u>          x          </u>

Other Mr. Tom Dugan

---

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. 5394  
Order No. R-3252-A

APPLICATION OF WALTER DUNCAN OIL  
PROPERTIES FOR AMENDMENT OF SPECIAL  
POOL RULES, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 22, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 28th day of January, 1975, 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 by Order No. R-3252, dated June 5, 1967, Special Rules and Regulations for the Slick Rock-Dakota Oil Pool were established, including a provision requiring that wells be located no nearer than 165 feet to the outer boundary of the quarter-quarter section on which it is located and no nearer than 300 feet to any other well producing from the same pool.

(3) That the applicant, Walter Duncan Oil Properties, seeks the amendment of said Special Rules and Regulations to permit the drilling of wells to within 25 feet of a quarter-quarter section boundary when the offset acreage is owned by the operator of the well, and to permit drilling to within 165 feet of a well producing from the same pool.

(4) That amendment of said Rules and Regulations as proposed by the applicant will allow operators in the pool greater flexibility in locating their wells, will prevent the drilling of unnecessary wells, and will otherwise prevent waste and protect correlative rights.

-2-

Case No. 5394  
Order No. R-3252-A

IT IS THEREFORE ORDERED:

(1) That Rule 2 of the Special Rules and Regulations for the Slick Rock-Dakota Oil Pool as promulgated by Order No. R-3252, dated June 5, 1967, is hereby amended to read in its entirety as follows:

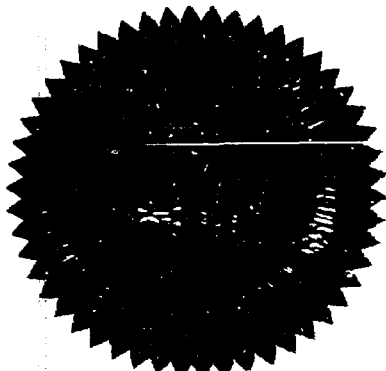
"RULE 2. Each well shall be located no nearer than 25 feet to the outer boundary of the quarter-quarter section on which it is located and no nearer than 165 feet to any other well producing from the same pool; provided, however, that in no event shall said well or wells be completed or recompleted nearer than 165 feet to the boundary of acreage owned by an offset operator."

(2) 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

I. R. TRUJILLO, Chairman

  
*Phil R. Lucero*  
PHIL R. LUCERO, Member

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

S E A L

dr/



(Case 5389 continued from Page 3)

Range 37 East, Tubb Gas Pool, Lea County, New Mexico, to be dedicated to a well to be dually completed at a standard location in Unit F of said Section 3.

CASE 5390: Application of El Paso Natural Gas Company for extension of Order No. R-4342, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the provisions of Order No. R-4342, which order authorized the applicant to produce certain non-marginal wells in the San Juan 32-9 Unit Area, Blanco-Mesaverde Pool, San Juan County, New Mexico, at full capacity while conducting tests, making up such overproduction by underproducing other non-marginal wells within the participating area.

CASE 5391: Application of David Fasken for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Boyd-Cisco and Boyd Morrow production in the wellbore of its Arco 9 Morrison Well No. 1, located in Unit B of Section 9, Township 19 South, Range 25 East, Eddy County, New Mexico.

CASE 5392: Application of David Fasken for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a gas well to be drilled in the NE/4 of Section 2, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, at a point 1980 feet from the North line and 660 feet from the East line of said Section 2, the N/2 of the Section to be dedicated to the well.

CASE 5393: Application of Getty Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Tubb-Drinkard, and Montoya production in the wellbore of its Coates "C" Well No. 14, located in Unit G of Section 24, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5394: Application of Dugan Production Corporation for amendment of special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 2 of the Special Rules and Regulations for the Slick Rock-Dakota Oil Pool, San Juan County, New Mexico, to allow the drilling of wells to within 25 feet of quarter-quarter section lines when the offset acreage is owned by the party drilling the well.

CASE 5395: Application of Sun Oil Company for two dual completions and two tubing exceptions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Lynch Wells Nos. 1 and 3, located in Units K and M, respectively, of Section 1, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from the Drinkard and Wantz-Granite Wash Pools through parallel strings of tubing. Applicant further seeks approval to utilize 1.315 O.D. tubing for the lower 1800 feet of its Drinkard production string in said Well No. 1, and for the lower 1303 feet of its Drinkard production string in said Well No. 3.

Dockets Nos. 4-75 and 5-75 are tentatively set for hearing on February 5 and February 19, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 22, 1975

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5394: (Continued and Readvertised)

Application of Walter Duncan Oil Properties for amendment of special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Rule 2 of the Special Rules and Regulations for the Slickrock-Dakota Oil Pool to allow wells to be drilled to within 25 feet of a quarter-quarter section when the offset acreage is owned by the operator of the well; also to allow drilling to within 165 feet of a well producing from the same pool.

CASE 5401: Application of Burma Oil and Gas Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Willow Lake Unit Area, comprising 4800 acres, more or less, of Federal, State, and fee lands in Township 24 South, Range 28 East, Eddy County, New Mexico.

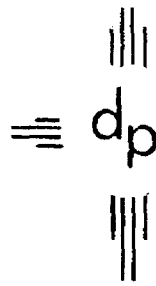
CASE 5402: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tyra & Tyra, Fidelity and Deposit Company of Maryland and all other interested parties to appear and show cause why the Tyra & Tyra BTA Lulu Well No. 1 located in Unit C of Section 22, Township 9 South, Range 35 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5122: (Reopened)

In the matter of Case 5122 being reopened pursuant to the provisions of Order No. R-4693, which order established temporary special pool rules for the East Lusk-Wolfcamp Oil Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and a limiting gas-oil ratio of 4000 to 1. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and proration units with a limiting gas-oil ratio of 2000 to 1.

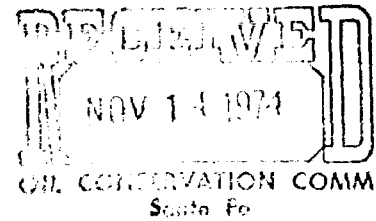
CASE 4969: (Reopened)

In the matter of Case 4969 being reopened pursuant to the provisions of Order No. R-4557-B, which order temporarily extended the special depth bracket allowable for the Tocito Dome-Pennsylvanian "D" Oil Pool, San Juan County, New Mexico. All interested parties may appear and show cause why the temporary special depth bracket allowable should remain in effect.



dugan production corp.

November 12, 1974



Mr. A. L. Porter  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Pete:

Walter Duncan Oil Properties is making an application for a rule change for the Slickrock-Dakota Pool. We are requesting that the following rule be adopted:

Each well completed or recompleted in the Slickrock-Dakota Oil Pool or in the Dakota formation within one mile thereof, and not nearer to or within the limits of another designated Dakota oil pool, shall be located no nearer than 25 feet to the outer boundary of the quarter-quarter section on which it is located; provided, however, that in no event shall said well or wells be completed or recompleted nearer than 165 feet to the boundary of acreage owned by an offset operator.

That nothing contained herein shall be construed as prohibiting the location of a well because of its nearness to a previously drilled well.

We are requesting that the commission set the hearing for this application at the earliest possible date.

Sincerely,

*Thomas A. Dugan*  
Thomas A. Dugan

cc: Ray Duncan  
Emery Arnold

dw

DOCKET MAILED

Date 12-26-74



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. 5394

Order No. R-3252A

APPLICATION OF WALTER DUNCAN OIL  
PROPERTIES FOR AMENDMENT OF SPECIAL  
POOL RULES, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 22, 1975  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of January, 1975, 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 by Order No. R-3252, dated June 5, 1967, Special Rules  
and Regulations for the Slick Rock-Nakota Oil Pool were established,  
including a provision requiring that wells be located no nearer  
than 165 feet to the outer boundary of the quarter-quarter section  
on which it is located and no nearer than 300 feet to any other  
well producing from the same pool.

1 -2-  
2 CASE NO. 5394  
3 Order No. R-

4 (3) That the applicant, Walter Duncan Oil Properties, seeks  
5 the amendment of said Special Rules and Regulations to permit the  
6 drilling of wells to within 25 feet of a quarter-quarter section  
7 boundary when the offset acreage is owned by the operator of the  
8 well, and to permit drilling to within 165 feet of a well produc-  
9 ing from the same pool.

10 (4) That amendment of said Rules and Regulations as proposed  
11 by the applicant will allow operators in the pool greater flexi-  
12 bility in locating their wells, will prevent the drilling of  
13 unnecessary wells, and will otherwise prevent waste and protect  
14 correlative rights.

15 IT IS THEREFORE ORDERED:

16 (1) That Rule 2 of the Special Rules and Regulations for the  
17 Slick Rock-Dakota Oil Pool as promulgated by Order No. R-3252,  
18 dated June 5, 1967, is hereby amended to read in its entirety as  
19 follows:

20 " RULE 2. Each well shall be located no nearer than 25 feet  
21 to the outer boundary of the quarter-quarter section on  
22 which it is located and no nearer than 165 feet to any other  
23 well producing from the same pool; provided, however, that  
24 in no event shall said well or wells be completed or re-  
25 completed nearer than 165 feet to the boundary of acreage  
26 owned by an offset operator. "

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

29 DONE at Santa Fe, New Mexico, on the day and year hereinabove  
30 designated.  
31  
32

Applicant of wells within the above properties  
and amendment of Special Rules and Regulations,  
Sutton County, New Mexico.

J. L. Smith

St. Francis Hotel.

That by order No. 8-5252, dated June  
5, 1967, Special Rules and Regulations for the  
Black Rock - Dakota Oil Pool were established,  
including a provision requiring that wells be  
located no nearer than 165 feet to the  
outer boundary of the quarter-quarter sec-  
tion in which it is located and no nearer  
than 200 feet to any other well producing  
from the same pool.

(3) That the Applicant, Burnham Oil and Gas  
Company, seeks the amendment of said  
Special Rules and Regulations to permit the  
drilling of wells to within 25 feet of a quar-  
ter-quarter section boundary when the  
offset acreage is owned by the operator  
of the well, and to permit drilling to within  
165 feet of a well producing from the same  
pool.

(4) That amendment of said Rules and  
Regulations as proposed by the applicant will  
allow operators in the pool greater flex-  
ibility in locating their wells, will prevent  
the drilling of unnecessary wells, and will  
otherwise prevent waste and protect conserva-  
tive rights.

## ORDER.

(1) That Rule 15 of the Special Rules and Regulations for the Black Rock Dakota Oil Pool as promulgated by Order No. 15222 Dated June 5, 1927, is hereby amended to read in its entirety as follows:

RULE 2. Each well shall be located no nearer than 25 feet to the outer boundary of the quarter-quarter section on which it is located and no nearer than 165 feet to any other well producing from the same pool; provided, however, that in no event shall said well or wells be completed or recompleted nearer than 165 feet to the boundary of acreage owned by an offset operator.

(2) Jurisdiction.