

CASE NO.

5361

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 October 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company)
for special pool rules,)
Lea County, New Mexico.)

CASE
6361

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN AND FOX
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

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I N D E X

HUGH A. INGRAM

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr Nutter 5

E X H I B I T S

Applicant Exhibit One, Application 5

Applicant Exhibit Two, 5

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MR. NUTTER: Case 6361.

MS. TESCHENDORF: Case 6361. Application of Continental Oil Company for special pool rules, Lea County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, appearing on behalf of the applicant. I have one witness, Mr. Nutter, Mr. Hugh Ingram.

MR. NUTTER: Mr. Ingram is still under oath.

HUGH A. INGRAM

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Ingram, would you please refer to what I have marked as Exhibit Number One, identify it, and explain what Continental Oil is seeking to accomplish by this application?

A. Exhibit Number One is the application of Continental to change the spacing rule for the Buffalo-Penn Gas Pool from the present 160-acre spacing to 320-acre spacing.

Q. Would you refer to Exhibit Number Two and outline for us the boundaries for the Buffalo-Penn Gas Pool

SALLY WALTON BOYD
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1 and the --

2 A. Yes. The boundary for the Buffalo-Penn Gas
3 Pool takes in the north half of Section 4 and the east half
4 of Section 5.

5 Q. Would you locate for us any wells that would
6 be affected by the change in the spacing for the pools in-
7 volved?

8 A. There are two wells within this area, the
9 Buffalo Federal Unit Well No. 4 and the Nellis Federal Well
10 No. 1, which is in Section 5. Both of these wells are
11 operated by Amoco and Continental Oil Company has 50 per-
12 cent working interest.

13 Q. Have you been in contact with Amoco Oil Com-
14 pany concerning the application here in question?

15 A. Yes. Before the application was made we talked
16 with a representative of Amoco in Houston and they stated
17 that they had no objection to this application; also, a
18 copy of the application letter was sent to the Amoco repre-
19 sentative.

20 Q. In your opinion, Mr. Ingram, will the approval
21 of this application be in the best interests of conservation,
22 the prevention of waste, and the protection of correlative
23 rights?

24 A. Yes, it will.

25 MR. KELLAHIN: If the Examiner please, we

1 move the introduction of Exhibits One and Two.

2 MR. NUTTER: Applicant's Exhibits One and
3 Two will be admitted in evidence.

4 CROSS EXAMINATION

5 BY MR. NUTTER:

6 Q I presume, Mr. Ingram, that this Buffalo-Penn
7 Gas Pool was established prior to the time that the 320-acre
8 spacing was adopted for Pennsylvanian.

9 A Yes, sir, that's correct.

10 Q And all the old pools at that time were re-
11 tained on 160 in the absence of an application from the
12 operator?

13 A Yes, sir, that's correct.

14 MR. NUTTER: Are there any further questions
15 of Mr. Ingram? He may be excused.

16 Do you have anything further, Mr. Kellahin?

17 MR. KELLAHIN: Not in this case.

18 MR. NUTTER: Does anyone have anything they
19 wish to offer in Case Number 6361?

20 We'll take the case under advisement.

21 (Hearing concluded.)
22
23
24
25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87601

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY
CERTIFY that the foregoing and attached Transcript of
Hearing before the Oil Conservation Division was reported
by me; that said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability, knowledge, and skill, from my notes taken at the
time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the Examiner's hearing of Case No. 6361,
heard by me on 10/25 1978.

[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6361
Order No. R-5850

APPLICATION OF CONTINENTAL OIL
COMPANY FOR SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of November, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, is the owner and operator of a certain gas well in the Buffalo-Pennsylvanian Gas Pool, Lea County, New Mexico.

(3) That said Buffalo-Pennsylvanian Gas Pool was created and designated by the Division by Order No. R-1559, effective December 18, 1959.

(4) That by Division Order No. R-2707, dated May 25, 1964, Rule 104 of the Division Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, "...a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(6) That no appearances were made at the hearing of the instant case, and no objection was received to the inclusion of the Buffalo-Pennsylvanian Gas Pool under the provisions of Rule 104 of the Division Rules and Regulations for gas pools of Pennsylvanian age or older.

(7) That one well in the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective November 1, 1978, each well completed or recompleted in the Buffalo-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof shall be subject to the provisions of Rule 104 of the Division Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Buffalo-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well by December 1, 1978.

(2) That pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, existing wells in the Buffalo-Pennsylvanian Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Division Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

-3-

Case No. 6361

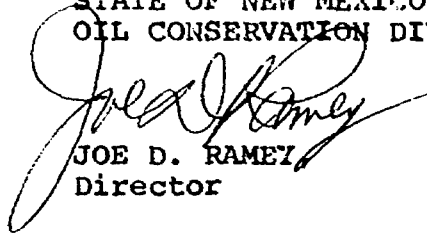
Order No. R-5850

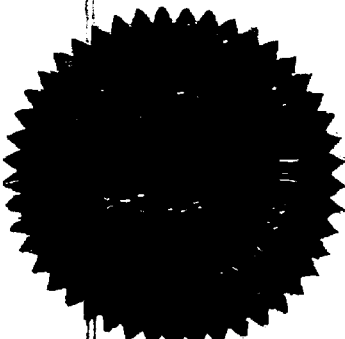
Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEZ
Director



S E A L

dr/

October 6, 1978

Oil Conservation Division (3)
Department of Energy & Minerals
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. Dan Nutter

Gentlemen:

Application for Approval of 320 Acres as Standard Gas Proration Unit for
the Buffalo Penn (Gas) Pool located in Lea County, New Mexico

Continental Oil Company respectfully requests that the standard spacing pattern for the Buffalo Penn (Gas) Pool be changed from the present 160-acre spacing to 320-acre spacing. Conoco has a working interest (50%) in the Buffalo Federal Unit Well No. 4 located in Unit H, Section 4, T-19-S, R-33-E, Lea County, New Mexico, and the Nellis Federal Well No. 1 located in Unit O, Section 5, T-19-S, R-33-E, Lea County, New Mexico. These two wells are the only producing wells in the Buffalo Penn (Gas) Pool.

Present pool rules providing for 160-acre spacing for the two wells were established prior to the establishment of statewide rules which now provide for 320-acre spacing. The requested change would conform with the present statewide spacing rules governing the Pennsylvanian and older formations.

The density of present development is at least 320 acres, and acreage is available for continued development on 320-acre spacing. The spacing pattern for the Tonto Penn, West (Gas) Pool shown on the attached plat is 320 acres.

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
Conoco	EXHIBIT NO. 1
CASE NO.	6361

Oil Conservation Division (3)
Department of Energy & Minerals
State of New Mexico
October 6, 1978
Page Two

In order to have consistent development of the Pennsylvanian formation, it is requested that this change be made. It is also requested that the case be advertised in such a manner, that unless there is opposition, an order be entered approving this application. If this request requires a hearing, please set for the earliest possible examiner docket.

Yours very truly,

CONTINENTAL OIL COMPANY

SIGNED: L. P. THOMPSON

L. P. Thompson
Division Manager

HAI/jj

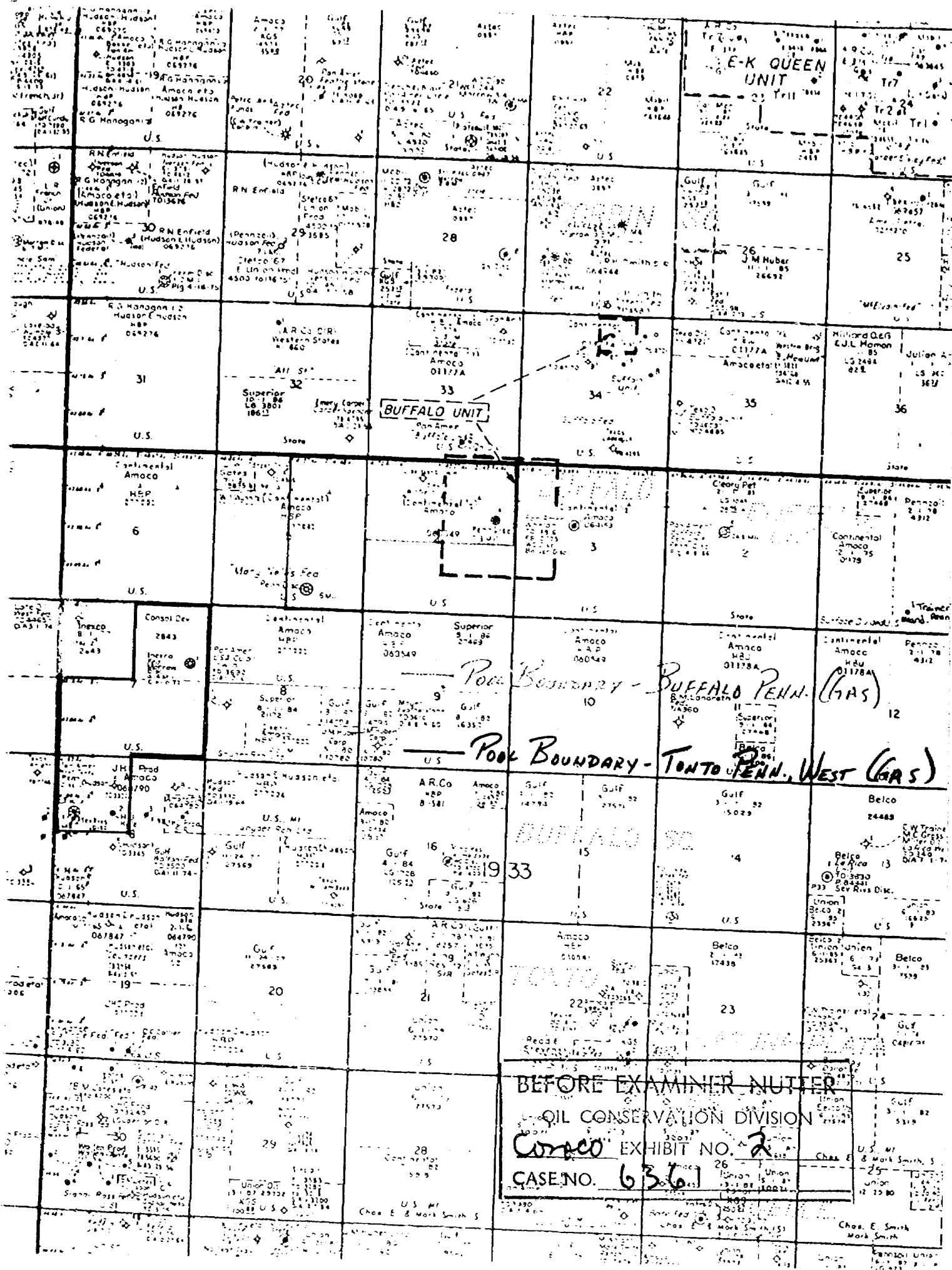
enc

cc w/enc: Amoco Production Co., ATTN: Guy Buell, Box 3092, Houston, TX 77001
Jason W. Kallahin, Santa Fe, New Mexico

bcc: JWK:

This application will be approved without an appearance; there will not be a hearing.

HAI



- CASE 6361: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Buffalo-Pennsylvanian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Wolfcamp and Pennsylvanian gas pools rather than the present 160-acre spacing.
- CASE 6362: Application of Continental Oil Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 294.9-acre non-standard gas proration unit comprising the S/2 of partial Section 19, Township 17 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South line and 3300 feet from the East line of said Section 19 to test the Morrow formation.
- CASE 6363: Application of Phoenix Resources Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and West lines of Section 16, Township 19 South, Range 21 East, Eddy County, New Mexico, to be drilled to the Mississippian formation, the W/2 of said Section 16 to be dedicated to the well.
- CASE 6364: Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenburger formation underlying the NW/4 SE/4 of Section 23, Township 20 South, Range 38 East, Lea County, New Mexico, to be dedicated to a proposed oil well to be drilled at a standard location thereon. Applicant seeks the pooling of the SE/4 of said Section 23 in the event said drilling results in a gas well. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6365: Application of Michael P. Grace II for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 25, Township 21 South, Range 26 East, Burton Flat Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6366: Application of Phillips Petroleum Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of a pressure maintenance project, all mineral interests in the East Vacuum Grayburg-San Andres Unit encompassing 7,025 acres, more or less, underlying all or portions of the following lands in Lea County, New Mexico: Section 24, Township 17 South, Range 34 East; Sections 18 thru 29 and 31 thru 35, Township 17 South, Range 35 East; and Sections 4 and 5, Township 18 South, Range 35 East.
- The unitized interval would be the Grayburg-San Andres Formation between the depths of 4,050 feet and 5,050 feet in Exxon's NM State "K" Well No. 19, located in Unit P of Section 28, Township 17 South, Range 35 East.
- Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.
- CASE 6367: Application of Phillips Petroleum Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its East Vacuum Grayburg-San Andres Unit, Lea County, New Mexico, by the injection of water into the Grayburg-San Andres formation; and the establishment of an administrative procedure for approval of injection and producing wells at unorthodox locations.

Dockets Nos. 35-78 and 36-78 are tentatively set for hearing on November 8 and 21, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 25, 1978

9 A.M. - OIL CONSERVATION DIVISION 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 6290: (Continued from September 13, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6339: (Continued from October 11, 1978, Examiner Hearing)

Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6355: Application of Amoco Production Company for two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox locations of its South Mattix Unit Well No. 32 located 1535 feet from the North line and 330 feet from the East line and its South Mattix Unit Well No. 34 located 1650 feet from the North line and 2310 feet from the West line, both in Section 22, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico, the S/2 NE/4 and the E/2 NW/4 of Section 22 to be dedicated, respectively, to the wells.

CASE 6356: Application of Amoco Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through the perforated interval from 8391 feet to 9100 feet in its State "E" Tract 18 Well No. 21 located in Unit B of Section 2, Township 17 South, Range 36 East, Lovington-Abo Pool, Lea County, New Mexico.

CASE 6357: Application of Enserch Exploration, Inc., for pool creation and special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Pennsylvanian formation for its Lambirth Well No. 4 located in Unit O of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico, and for promulgation of special pool rules, including provision for 80-acre spacing and special well location requirements.

CASE 6358: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from 12,997 feet to 13,036 feet in his State K-33 Well No. 2 located in Unit N of Section 30, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 6359: Application of Getty Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production in the wellbore of its Jicarilla "C" Well No. 27 located in Unit E of Section 33, Township 25 North, Range 5 West. Applicant further seeks provision for administrative approval for downhole commingling of the Gallup and Dakota formations in others of its wells on its Jicarilla "B" and Jicarilla "C" leases in Sections 5 and 6, Township 24 North, Range 5 West, and Sections 21, 22, 27, 28 and 31 thru 34, Township 25 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6368: Application of Getty Oil Company for the amendment of Order No. R-5388, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5388 to provide an administrative procedure to permit the downhole commingling of Pictured Cliffs and Chacra production in wells on its Jicarilla "B" and "C" Leases in Sections 21, 22, 27, 28, and 31 thru 34, Township 25 North, Range 5 West, and Sections 5 and 6, Township 24 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6360: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 228-acre non-standard gas proration unit comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Lockhart A-18 Wells Nos. 3 and 4, located in Units K and M, respectively, of said Section 18.



L. P. Thompson
Division Manager

E. L. Oshio
Assistant Division Manager

Production Department
Hobbs Division
North American Production

Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141

001 20 1000

October 6, 1978

Case 6361

Oil Conservation Division (3)
Department of Energy & Minerals
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. Dan Nutter

Gentlemen:

Application for Approval of 320 Acres as Standard Gas Proration Unit for
the Buffalo Penn (Gas) Pool located in Lea County, New Mexico

Continental Oil Company respectfully requests that the standard spacing pattern for the Buffalo Penn (Gas) Pool be changed from the present 160-acre spacing to 320-acre spacing. Conoco has a working interest in the Buffalo Federal Unit Well No. 4 located in Unit H, Section 4, T-19-S, R-33-E, Lea County, New Mexico, and the Nellis Federal Well No. 1 located in Unit O, Section 5, T-19-S, R-33-E, Lea County, New Mexico. These two wells are the only producing wells in the Buffalo Penn (Gas) Pool.

Present pool rules providing for 160-acre spacing for the two wells were established prior to the establishment of statewide rules which now provide for 320-acre spacing. The requested change would conform with the present statewide spacing rules governing the Pennsylvanian and older formations.

The density of present development is at least 320 acres, and acreage is available for continued development on 320-acre spacing. The spacing pattern for the Tonto Penn, West (Gas) Pool shown on the attached plat is 320 acres.

Oil Conservation Division (3)
Department of Energy & Minerals
State of New Mexico
October 6, 1978
Page Two

In order to have consistent development of the Pennsylvanian formation, it is requested that this change be made. It is also requested that the case be advertised in such a manner, that unless there is opposition, an order be entered approving this application. If this request requires a hearing, please set for the earliest possible examiner docket.

Yours very truly,

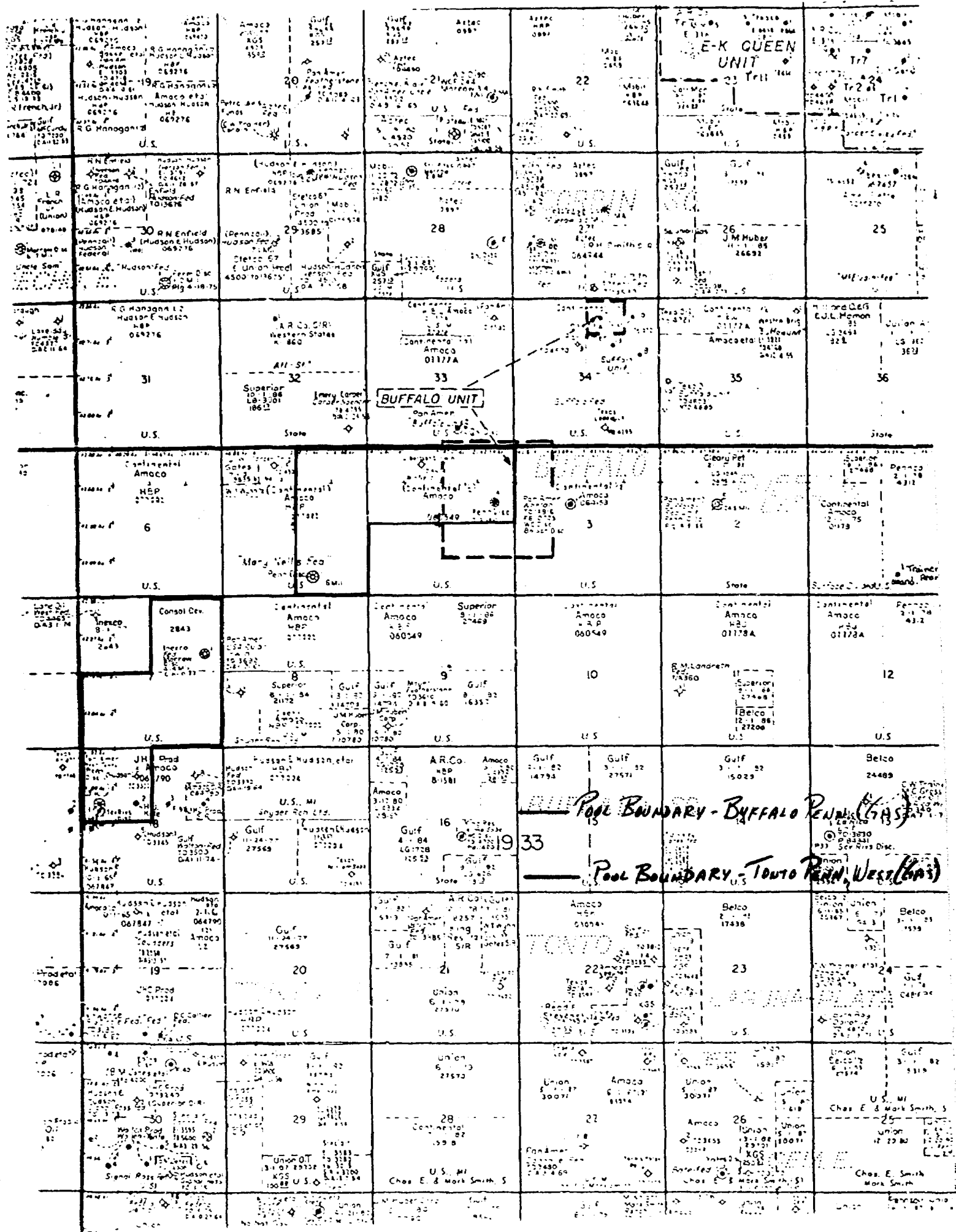
CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager

HAI/jj
enc

cc w/enc: Amoco Production Co., ATTN: Guy Buell, Box 3092, Houston, TX 77001
Jason W. Kellahin, Santa Fe, New Mexico



application of Continental Oil Co

chq spsq of the Buffalo Range
Gas Pool to 320.

Contl

State "S" 19 well No. 3

Narrow Gas Well

so non std loc
non std production

660 FSL 3300 FEL

19-T17S R29E Eddy Co.

294.9 acres $\frac{5}{2}$ of the partial
section

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6361

Order No. R-5850

APPLICATION OF CONTINENTAL OIL
COMPANY FOR SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of November, 19 78, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Continental Oil Company, is the
owner and operator of a certain gas well in the Buffalo-Pennsylvanian
Gas Pool, Lea County, New Mexico.

-2-
Case No. 6361
Order No. R-

(3) That said Buffalo-Pennsylvanian Gas Pool was created and designated by the Division by Order No. R-1559, effective December 18, 1959.

(4) That by Division Order No. R-2707, dated May 25, 1964, Rule 104 of the Division Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, "...a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(6) That no appearances were made at the hearing of the instant case, and no objection was received to the inclusion of the Buffalo-Pennsylvanian Gas Pool under the provisions of Rule 104 of the Division Rules and Regulations for gas pools of Pennsylvanian age or older.

(7) That one well in the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective November 1, 1978, each well

completed or recompleted in the Buffalo-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof shall be subject to the provisions of Rule 104 of the Division Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

IT IS FURTHER ORDERED:

(1) ~~(2)~~ That the locations of all wells presently drilling to or completed in the Buffalo-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well by December 1, 1978.

(2) ~~(3)~~ That pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, ~~contained in Chapter 271, Laws of 1969~~, existing wells in the Buffalo-Pennsylvanian Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Division Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

(3) ~~(4)~~ That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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