

Entered January 20, 1958
O. P.

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. 1308
Order No. R-1069-B

APPLICATION OF SUNRAY MID-CONTINENT
OIL COMPANY FOR AN ORDER EXTENDING
THE HORIZONTAL LIMITS OF THE BISTI-
LOWER GALLUP OIL POOL, IN SAN JUAN
COUNTY, NEW MEXICO, AND TEMPORARILY
ESTABLISHING UNIFORM 80-ACRE WELL
SPACING AND PROMULGATING SPECIAL
RULES AND REGULATIONS FOR SAID POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on September 18, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and that this cause came on for rehearing before the Commission, upon the petition of Sunray Mid-Continent Oil Company et al., at 9 o'clock a.m. on December 18, 1957 at Santa Fe, New Mexico.

NOW, on this 17th day of January, 1958, the Commission, a quorum being present, having considered the application, the petitions for rehearing, and the evidence adduced at both the original hearing and the rehearing 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(2) That Order No. R-1069 should be superseded by this order.

(3) That the Commission found in Order No. R-1069 that "...the Commission should continue to follow its established policy of extending the horizontal limits of oil and gas pools in the State of New Mexico to include only such acreage as has been proven productive by actual drilling operations."

(4) That the petitioners on rehearing failed to show cause why the Commission should deviate from the aforementioned policy in the Bisti-Lower Gallup Oil Pool.

(5) That sufficient evidence was adduced by the petitioners on rehearing, in addition to the evidence adduced at the original hearing, to justify the establishment of 80-acre proration units in the Bisti-Lower Gallup Oil Pool on a temporary basis.

(6) That 80-acre proration units should be temporarily established in the Bisti-Lower Gallup Oil Pool and that all wells drilled to or completed in said pool should be located on a unit containing 80 acres, more or less, which consists of either the North half or the South half of a single governmental quarter section; and further that all wells drilled in the Bisti-Lower Gallup Oil Pool should be located within 100 feet of the center of either quarter-quarter section; provided however, that the rules should not prohibit the drilling of a well on each of the quarter-quarter sections in an 80-acre proration unit.

(7) That the Secretary-Director of the Commission should have authority to grant exceptions to the foregoing spacing and well location requirements without the necessity of a formal hearing.

(8) That an 80-acre proration unit in the Bisti-Lower Gallup Oil Pool should be assigned an 80-acre proportional factor of two (2) for allowable purposes, and that in the event there is more than one well on an 80-acre proration unit, the operator should be permitted to produce the unit's allowable from said wells in any proportion.

(9) That any well which was projected to or completed in the Bisti-Lower Gallup Oil Pool prior to the effective date of this order should be granted an exception to the 80-acre spacing and well location requirements set forth above, and that any such excepted well should be assigned an allowable which is in the proportion to the standard 80-acre allowable that the well's dedicated acreage bears to 80-acres; provided however, that the allowable for any such excepted well should be increased to that of a standard unit upon receipt by the Commission of proper notice that such well has 80 acres dedicated thereto.

IT IS THEREFORE ORDERED:

(1) That Order No. R-1069 dated October 9, 1957, be and the same is hereby superseded by this order.

(2) That the application of Sunray Mid-Continent Oil Company to extend the horizontal limits of the Bisti-Lower Gallup Oil Pool to include acreage which has not been proven productive by actual drilling operations be and the same is hereby denied.

(3) That any well which was drilling to or completed in the Bisti-Lower Gallup Oil Pool prior to January 25, 1958, be and the same is hereby granted an exception to the well location requirements of Rule 3 of the Special Rules and Regulations for

the Bisti-Lower Gallup Oil Pool hereinafter set forth, and that any such well which is located on a tract comprising either the North half or the South half of a governmental quarter section on which 80-acre unit there is located more than one well, be and the same is hereby granted an exception to the requirements of Rule 2 of the Special Rules and Regulations hereinafter set forth; further, that all such excepted wells shall be assigned an allowable effective at 7 o'clock a.m. Mountain Standard Time, March 1, 1958, which allowable shall bear the same proportion to the standard 80-acre allowable for the Bisti-Lower Gallup Oil Pool that the acreage dedicated to such well bears to 80 acres; provided however, that the allowable for any such excepted well may be increased to that of a standard 80-acre unit by the dedication to the well of additional acreage sufficient to constitute a standard 80-acre proration unit, said allowable to become effective on the date of receipt by the Commission of an amended Form C-128, Well Location and Acreage Dedication Plat, showing the increased acreage dedication. Provided however, that no well shall be assigned an 80-acre allowable in the Bisti-Lower Gallup Oil Pool prior to March 1, 1958.

(4) That the effective date of this order shall be March 1, 1958.

(5) That this order shall be of no further force nor effect after February 28, 1959.

(6) That a case be called for the regular Commission hearing in January, 1959, to permit all interested parties to appear and show cause why the Special Rules and Regulations hereinafter set forth should be continued beyond February 28, 1959.

(7) That special pool rules for the Bisti-Lower Gallup Oil Pool be and the same are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE BISTI-LOWER GALLUP OIL POOL**

RULE 1. Any well projected to or completed in the Lower Gallup formation within one mile of the boundaries of the Bisti-Lower Gallup Oil Pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. All wells projected to or completed in the Bisti-Lower Gallup Oil Pool shall be located on a unit containing 80 acres, more or less, which consists of either the North half or the South half of a single governmental quarter section.

RULE 3. All wells projected to or completed in the Bisti-Lower Gallup Oil Pool shall be located within 100 feet of the center of either quarter-quarter section in the unit; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in an 80-acre unit.

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RULE 4. The Secretary-Director of the Commission may grant exceptions to the requirements of Rule 2 and, for topographical reasons only, to the requirements of Rule 3 above without notice and hearing where the application is filed in due form, provided the applicants furnish all operators within a 2640-foot radius of the subject well a copy of the application to the Commission, and provided further that the Secretary-Director of the Commission shall wait at least twenty days before approving any such application and that no such application shall be approved over the objection of an offset operator. In the event an offset operator objects to the application, the Commission shall consider the matter only after proper notice and hearing. The applicant shall include with his application a list of names and addresses of all the operators within the radius set forth above together with a stipulation that proper notice of the application has been given said operators.

RULE 5. An 80-acre proration unit in the Bisti-Lower Gallup Oil Pool shall be assigned an 80-acre proportional factor of two (2) 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 from said wells in any proportion.

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

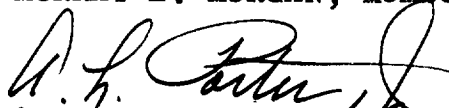
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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

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