

*Entered June 7, 1959
A.R.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 NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 1641
Order No. R-1410

APPLICATION OF W. R. WEAVER FOR
THE PROMULGATION OF SPECIAL
RULES AND REGULATIONS GOVERNING
THE DRILLING, SPACING, AND
PRODUCTION OF WELLS IN THE
ANGELS PEAK-GALLUP OIL POOL,
SAN JUAN COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 7, 1959, 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 28th day of May, 1959, 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, W. R. Weaver, proposes that 80-acre proration units be established for wells in the Angels Peak-Gallup Oil Pool which are classified as oil wells, and that for proration purposes operators be permitted to assign up to 160 acres to wells which are classified as gas wells; that any well with a gas-oil ratio in excess of 30,000 to 1 be classified as a gas well; that the limiting gas-oil ratio for said pool be established at 6,000 to 1.

(3) That Pan American Petroleum Corporation proposes that 80-acre proration units be established for wells in the Angels Peak-Gallup Oil Pool which are classified as oil wells, and that operators be permitted to dedicate up to 320 acres to wells which are classified as gas wells; that any well with a gas-oil ratio in excess of 25,000 to 1 be classified as a gas well; that the limiting gas-oil ratio for said pool be established at 2,000 to 1.

(4) That El Paso Natural Gas Company proposes that 80-acre proration units be established for wells in the Angels Peak-Gallup Oil Pool which are classified as oil wells, and that operators be permitted to dedicate up to 320 acres to wells which are classified as gas wells; that any well with a gas-oil ratio in excess of 30,000 to 1 be classified as a gas well; that the limiting gas-oil ratio for said pool be established at 2,000 to 1.

(5) That the evidence indicates that one well in the Angels Peak-Gallup Oil Pool can efficiently and economically drain 80 acres, and conversely it does not establish that a well in said pool can drain in excess of 80 acres.

(6) That the establishment of a gas-oil ratio of 6,000 to 1 might reduce the ultimate recovery of oil from said Angels Peak-Gallup Oil Pool.

(7) That in the absence of unitization, the correlative rights of all parties who have interests in the Angels Peak-Gallup Oil Pool can best be protected by establishing 80-acre proration units for all wells in said pool and by setting the limiting gas-oil ratio at 4,000 to 1.

IT IS THEREFORE ORDERED:

That special rules and regulations, for the Angels Peak-Gallup Oil Pool, effective June 1, 1959, be and the same are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE
ANGELS PEAK-GALLUP OIL POOL

RULE 1. Each well completed or recompleted in the Gallup formation within one mile of the boundary of the Angels Peak-Gallup Pool, and not nearer to nor within the boundaries of another designated Gallup Oil 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 Angels Peak-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. Each well completed or recompleted in the Angels Peak-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. Any well which was drilling to or completed in the Angels Peak-Gallup Oil Pool prior to June 1, 1959, is granted an exception to the well location requirements of this Rule.

RULE 4. For good cause shown, the Secretary-Director may grant immediate exception to the requirements of Rule 2 without notice and hearing; provided, however, that when the application is for a non-standard unit containing less than two contiguous quarter-quarter sections all operators offsetting the proposed non-standard unit shall be notified of the application by registered

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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.

RULE 5. The Secretary-Director may grant exception to Rule 3 without notice and hearing where an application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission and shall stipulate to the Commission that proper notice has been furnished to all such operators. The Secretary-Director may approve the application if, after a period of 20 days, no offset operator has entered an objection to the proposed unorthodox location.

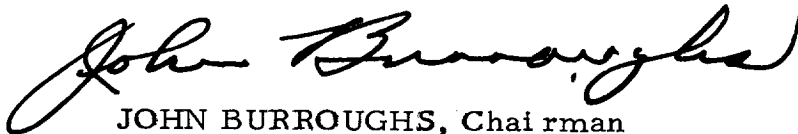
RULE 6. An 80-acre proration unit in the Angels Peak-Gallup Oil Pool shall be assigned an 80-acre proportional factor of 2.77 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.

RULE 7. The gas-oil ratio limitation for the Angels Peak-Gallup Oil Pool shall be 4,000 cubic feet of gas per barrel of oil produced.

RULE 8. Effective July 15, 1959, no gas produced from the Angels Peak-Gallup Oil Pool shall be flared or vented unless specifically authorized by the Commission after notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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

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