

*Entered June 18, 1959
M.H.*

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. 1669
Order No. R-1417

APPLICATION OF PAN AMERICAN
PETROLEUM CORPORATION FOR AN
ORDER PROMULGATING TEMPORARY
SPECIAL RULES AND REGULATIONS
FOR THE ATOKA-PENNSYLVANIAN
GAS POOL, EDDY COUNTY, NEW
MEXICO, TO PROVIDE FOR 320-ACRE
SPACING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 13, 1959, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 5th day of June, 1959, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, Pan American Petroleum Corporation, proposes the establishment of temporary 320-acre gas well spacing in the Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.
- (3) That at the present time there is no market for gas from said Atoka-Pennsylvanian Gas Pool and thus no production data.
- (4) That there will be no market for the gas from said Atoka-Pennsylvanian Gas Pool until a substantial number of wells are drilled.
- (5) That there is a reasonable probability that it will not be economical to drill gas wells on a 160-acre spacing pattern in said Atoka-Pennsylvanian Gas Pool; accordingly, said pool should be spaced on a 320-acre pattern, at least until such time as a market for the gas is available and production data obtained.

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(6) In view of the above findings, the establishment of 320-acre spacing in the Atoka-Pennsylvanian Gas Pool on a temporary basis is justified.

(7) That the 320-acre units should comprise any two contiguous quarter sections of a single governmental section.

(8) That each well completed or recompleted in the Atoka-Pennsylvanian Gas Pool should be located in the Northwest quarter or the Southeast quarter of the section and should be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line; provided, however, that the Secretary-Director should have authority to grant exceptions to the foregoing well location requirements.

(9) That this case should be heard again by the Commission at the regular monthly hearing in May of 1960 to permit the applicant and all other interested parties to appear and show cause why 320-acre spacing in the Atoka-Pennsylvanian Gas Pool should be continued in effect.

IT IS THEREFORE ORDERED:

(1) That temporary special rules and regulations for the Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, be and the same are hereby promulgated as hereinafter set forth.

(2) That any well which was projected to or completed in the Atoka-Pennsylvanian Gas Pool prior to the effective date of this order be and the same is hereby granted an exception to Rule 3 (a) of the special rules and regulations set forth below.

(3) That the temporary special rules and regulations hereinafter set forth shall be of no further force and effect after June 1, 1960.

(4) That this case shall be called for hearing before the Commission at the regular monthly hearing in May, 1960, to permit the applicant and all other interested parties to appear and show cause why the special rules and regulations hereinafter set forth should be continued in effect beyond May 31, 1960.

SPECIAL RULES AND REGULATIONS FOR THE
ATOKA-PENNSYLVANIAN GAS POOL

RULE 1. Each well completed or recompleted in the Pennsylvanian Formation within one mile of the boundary of the Atoka-Pennsylvanian Gas Pool and not nearer to nor within the boundaries of another designated Pennsylvanian gas pool, shall be drilled, spaced, and produced in accordance with the special rules and regulations hereinafter set forth.

RULE 2. (a) Each well completed or recompleted in the Atoka-Pennsylvanian Gas Pool shall be located on a tract consisting of approximately 320 acres comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the U. S. Public Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard unit.

(b) The Secretary-Director shall have authority to grant an exception to Rule 2 (a) without notice and hearing where an application has been filed in due form and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of contiguous quarter-quarter sections or lots.

(2) The non-standard unit lies wholly within a single governmental section.

(3) The entire non-standard unit may reasonably be presumed to be productive of gas from the Atoka-Pennsylvanian Gas Pool.

(4) That the applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in said non-standard unit.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of such non-standard unit.

RULE 3. (a) Each well completed or recompleted in the Atoka-Pennsylvanian Gas Pool shall be located in the northwest quarter or the southeast quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line.

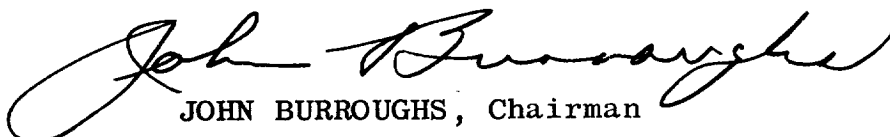
(b) The Secretary-Director shall have authority to grant exceptions to Rule 3 (a) without notice and hearing where an application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

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Applicants shall furnish all offset operators and all operators within the section in which the subject well is located 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 twenty days, no offset operator has entered an objection to the proposed unorthodox location.

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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