

Entered July 24, 1959
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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. 1697
Order No. R-1438

APPLICATION OF UNIVERSAL OIL
CORPORATION FOR THE CREATION
OF A NEW OIL POOL FOR GALLUP
PRODUCTION IN SECTIONS 16 AND
17, TOWNSHIP 29 NORTH, RANGE
18 WEST, SAN JUAN COUNTY, NEW
MEXICO, AND FOR CERTAIN EXCEP-
TIONS TO RULES 104 AND 107 FOR
WELLS IN SAID POOL

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8:00 o'clock a.m. on June 24, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, 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 15th. day of July, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 on the basis of a discovery well drilled 1980 feet from the North line and 2310 feet from the East line of Section 17, Township 29 North, Range 18 West, NMPM, San Juan County, New Mexico, to a depth of less than 100 feet, the applicant, Universal Oil Corporation, seeks an order creating a new pool for Gallup production to be known as the Shiprock-Gallup Oil Pool and to comprise the N/2 and the N/2 S/2 of Section 16 and the N/2 and N/2 S/2 of Section 17, Township 29 North, Range 18 West, NMPM, San Juan County, New Mexico.

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(3) That only the SE/4 NW/4 and the SW/4 NE/4 of said Section 17 have been proven productive of oil from the Gallup formation and the Shiprock-Gallup Oil Pool should encompass this acreage only.

(4) That the applicant seeks an exception to Rule 104 of the Commission Rules and Regulations to provide that wells drilled in said Shiprock-Gallup Oil Pool may be located 165 feet from the outer boundary line of the quarter-quarter section on which they are located and to provide that they may be located 300 feet from the nearest well producing from the same common source of supply.

(5) That the applicant further seeks an exception to Rule 107 of the Commission Rules and Regulations to authorize slim-hole completions in said Shiprock-Gallup Oil Pool.

(6) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production be and the same is hereby created and designated as the Shiprock-Gallup Oil Pool, consisting of the following-described acreage:

TOWNSHIP 29 NORTH, RANGE 18 WEST, NMPM
Section 17: SE/4 NW/4 and SW/4 NE/4

(2) That for allowable purposes, the 40-acre proportional factor for pools from 0 to 5000 feet shall apply to said Shiprock-Gallup Oil Pool.

(3) That special rules and regulations for said Shiprock-Gallup Oil Pool be and the same are hereby promulgated as hereinafter set forth.

SPECIAL RULES AND REGULATIONS FOR THE
SHIPROCK-GALLUP OIL POOL

RULE 1. Each well drilled in the Shiprock-Gallup Oil Pool shall be located no nearer than 165 feet to the outer boundary of the quarter-quarter section on which it is located and shall be located no nearer than 300 feet to the nearest well producing from the same common source of supply; provided, however, that said 300-foot restriction shall not be applicable to wells projected to or completed in the Gallup formation which offset wells which were drilling to or completed in the Shiprock-Gallup Oil Pool on the effective date of these rules.

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RULE 2. The Secretary-Director shall have authority to grant exceptions to Rule 1 without notice and hearing where an application therefor has been filed in due form and the necessity for the exception is based on topographical conditions.

Applicants shall furnish all operators owning acreage within 330 feet of the proposed location 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 (20) days, no such operator has objected. The Secretary-Director may grant immediate approval upon receipt of waivers of objection from all such operators.

RULE 3. The slim-hole method of completion may be utilized in the Shiprock-Gallup Oil Pool, provided, however, that the tubing used as a substitute for casing shall be no smaller than 2-3/8 inch OD and no larger than 2-7/8 inch OD and shall be set at least to the top of the productive interval in the well; provided, further, that cement shall be circulated to the surface.

RULE 4. No 40-acre proration unit shall produce in excess of the 40-acre top unit allowable for wells in the 0-5000 foot depth range in Northwest New Mexico.

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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