

Entered November 16, 1962
D. S. Nutter

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. 2658
Order No. R-2346

APPLICATION OF CABOT CORPORATION
FOR THE ESTABLISHMENT OF TEMPORARY
SPECIAL RULES AND REGULATIONS FOR
THE NORTH BAGLEY-UPPER PENNSYLVANIAN
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 10, 1962, 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 31st day of October, 1962, 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, Cabot Corporation, seeks the promulgation of temporary special rules and regulations for the North Bagley-Upper Pennsylvanian Pool, Lea County, New Mexico, including provisions for 80-acre proration units.
- (3) That the evidence presented concerning the reservoir characteristics of the subject pool justifies the establishment of 80-acre proration units for said pool for a temporary one-year period.
- (4) That the evidence indicates that the subject pool can presently be efficiently and economically drained and developed on 80-acre proration units, and that such development will prevent waste and protect correlative rights.
- (5) That during the one-year period in which this order will be in effect, the applicant should gather all available

-2-

CASE No. 2658
Order No. R-2346

information relative to drainage and recoverable reserves in the subject pool.

(6) That this case should be reopened at an examiner hearing in October, 1963, at which time the applicant should be prepared to prove by a preponderance of the evidence why the subject pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

That temporary special rules and regulations for the North Bagley-Upper Pennsylvanian Pool are hereby promulgated as follows, effective November 1, 1962.

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH BAGLEY-UPPER PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the North Bagley-Upper Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the North Bagley-Upper Pennsylvanian Pool, and not nearer to or within the limits of another designated Pennsylvanian 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 North Bagley-Upper Pennsylvanian Pool shall be located on a standard unit which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section. For purposes of these rules, 79 through 81 contiguous surface acres shall be considered a standard 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 the 80-acre unit.

RULE 3. Each well projected to or completed in the North Bagley-Upper Pennsylvanian Pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit. Any well which was drilling to or completed in the North Bagley-Upper Pennsylvanian Pool prior to November 1, 1962, is granted an exception to the well location requirements of this rule.

RULE 4. For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed in due form, and 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 when the application is for a non-standard unit comprising a single quarter-quarter section or lot and all operators offsetting the proposed non-standard unit have been notified of the application by registered or certified mail, and have given written consent in the form of waivers, or if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

-3-
CASE No. 2658
Order No. R-2346

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the North Bagley-Upper Pennsylvanian Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 5. A standard proration unit in the North Bagley-Upper Pennsylvanian Pool shall be assigned an 80-acre proportional factor of 4.77 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.

IT IS FURTHER ORDERED:

That all operators who propose to dedicate 80 acres to a well in the North Bagley-Upper Pennsylvanian Pool must file an amended Commission Form C-128 with the Hobbs District Office of the Commission by November 1, 1962.

IT IS FURTHER ORDERED:

That this case shall be reopened at an examiner hearing in October, 1963, at which time the applicant and all interested parties shall appear and show cause why the North Bagley-Upper Pennsylvanian Pool should not be developed on 40-acre proration units.

IT IS FURTHER ORDERED:

That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member

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

S E A L

esr/