

Entered July 1, 1983  
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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7857  
Order No. R-2359-C

APPLICATION OF CLEMENTS ENERGY COMPANY  
FOR AN AMENDMENT TO ORDER NO. R-2359,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 25, 1983,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of July, 1983, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

- (1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.
- (2) That the applicant, Clements Energy Company, seeks an  
amendment to Division Order No. R-2359 deleting the requirement  
that wells be located in the NE/4 or SW/4 of any governmental  
quarter section in the East Saunders-Permo Pennsylvanian Pool  
so that all wells may be drilled 150 feet from the center of  
any quarter-quarter section.
- (3) That the applicant further seeks the promulgation of  
an administrative procedure for the approval of unorthodox well  
locations.
- (4) That the East Saunders-Permo Pennsylvanian Pool joins  
the Cerca-Upper Pennsylvanian Pool at a common boundary to the  
North and joins the West Tres Papalotes-Pennsylvanian Pool at a  
common boundary to the South.
- (5) That wells in all three of said pools produce from  
various intervals within the same geologic horizon.

(6) That the special pool rules applicable to said three pools are essentially identical except in the matter of well locations and administrative approval of unorthodox locations.

(7) That while each of said pools is on 160-acre spacing, wells in the Cerca and West Tres Papalotes Pools may be located within 150 feet of the center of any quarter-quarter section while wells in the East Saunders must be so located only within the NE/4 or SW/4 of the quarter section.

(8) The special pool rules provide for an administrative procedure for approval of unorthodox well locations in the Cerca and West Tres Papalotes Pools but not in the East Saunders Pool.

(9) That the applicant seeks the amendment of the special rules for the East Saunders Pool to bring them into conformance with the rules for those pools adjoining it to the North and South (Cerca, West Tres Papalotes) in the matter of standard well locations and administrative approval of unorthodox locations.

(10) That the East Saunders Pool is an older pool with the latest producing well having been completed in February, 1966.

(11) That the proposed change in pool rules should permit operators to select and drill at the most geologically advantageous sites along the margins of this old pool, thereby increasing the chances of completing a successful well.

(12) That completion of additional producing wells in this pool should increase the recovery from the pool, thereby preventing waste, and should give owners the opportunity to produce the reserves under their currently undrilled acreage, thereby protecting correlative rights.

(13) That the operator of and other interested parties in one well in the East Saunders Pool objected to the proposed changes in the special pool rules.

(14) That the basis of this objection was that the proposed change would allow another operator in the pool to drill more closely to their existing producing well thereby injuring their correlative rights.

(15) That the evidence presented did not support findings that the proposed change in pool rules and the drilling of a new well "closer" to the protestants' well would result in drainage of oil off the protestants' acreage toward such new well.

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(16) That in the absence of such evidence, violation of correlative rights resulting from adopting the proposed special rule changes cannot be found.

(17) That the application should be approved by amending the Special Pool Rules for the East Saunders-Permo Pennsylvanian Pool as follows:

(a) Rule 3 should be amended to read in its entirety as follows:

"Rule 3. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot";

(b) Rule 4 should be renumbered Rule 5 and the phrase "Secretary Director of the Commission" in the first and last sentences should be amended to read "Division Director";

(c) Rule 5 should be renumbered Rule 6; and,

(d) a new Rule 4 should be adopted to read in its entirety as follows:

"RULE 4. The Division Director may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application."

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the East Saunders-Permo Pennsylvanian Pool promulgated by Division Order No. R-2359, as amended, are hereby amended as follows:

(a) Rule 3 is amended to read in its entirety as follows:

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"RULE 3. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.";

(b) Rule 4 is renumbered Rule 5 and the phrase "Secretary Director of the Commission" contained in the first and last sentences of the rule is amended to read "Division Director";

(c) Rule 5 is renumbered Rule 6; and

(d) a new Rule 4 is adopted to read in its entirety as follows:

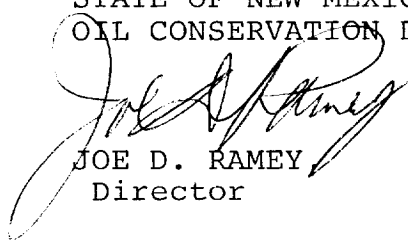
RULE 4. The Division Director may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

(2) That the effective date of this order and of the changes to the special pool rules contained herein shall be July 1, 1983.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JOE D. RAMEY  
Director

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