

Entered November 16, 1962

J. 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. 2678
Order No. R-2359

APPLICATION OF KERN COUNTY LAND COMPANY
FOR AN ORDER ESTABLISHING SPECIAL RULES
AND REGULATIONS FOR THE EAST SAUNDERS
PERMO-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 24, 1962, 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 6th day of November, 1962, 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 the applicant, Kern County Land Company, is the owner and operator of wells in the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico.

(3) That the applicant seeks establishment of special rules and regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, including provisions for 160-acre drilling and proration units.

(4) That the evidence indicates that the East Saunders Permo-Pennsylvanian Pool can presently be efficiently and economically drained on 160-acre proration units.

(5) That the evidence concerning the reservoir characteristics of the East Saunders Permo-Pennsylvanian Pool justifies the establishment of 160-acre proration units in said pool for a temporary one-year period.

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(6) That during the one-year period in which this order will be in effect, the operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing in October, 1963, at which time the operators in the subject pool should be prepared to appear and show by a preponderance of the evidence why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
EAST SAUNDERS PERMO-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the East Saunders Permo-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the East Saunders Permo-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 East Saunders Permo-Pennsylvanian Pool shall be located on a standard proration unit containing 158 through 162 acres substantially in the form of a square, which is a governmental quarter section.

RULE 3. Each well completed or recompleted in said pool shall be located within 150 feet of the center of either the northeast quarter or the southwest quarter of the governmental quarter section on which the well is located.

RULE 4. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application is filed in due form and the non-standard unit comprises less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director of the Commission 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.

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The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the East Saunders Permo-Pennsylvanian Pool as the acreage in such non-standard unit bears to 160 acres.

RULE 5. A standard proration unit in the East Saunders Permo-Pennsylvanian Pool shall be assigned a 160-acre proportional factor of 7.67 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

(2) That this case shall be reopened at an examiner hearing in October, 1963, at which time the operators in the subject pool may appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(3) 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.

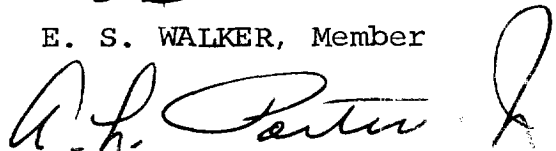
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

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