

Entered January 15, 1963
R.A.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. 2715
Order No. R-2401

APPLICATION OF SHELL OIL COMPANY
FOR THE ESTABLISHMENT OF SPECIAL
RULES AND REGULATIONS FOR THE
CUSTER-ELLENBURGER GAS 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 December 6, 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 28th day of December, 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, Shell Oil Company, seeks the promulgation of special rules and regulations governing the Custer-Ellenburger Gas Pool, Lea County, New Mexico, including a provision for 320-acre gas proration units therein.

(3) That the evidence presently available concerning reservoir characteristics establishes that the Custer-Ellenburger Gas Pool may be efficiently and economically drained and developed on 320-acre proration units.

(4) That the evidence establishes that temporary 320-acre proration units will prevent the drilling of unnecessary wells, prevent reduced recovery which might result from the drilling of too few wells, and will otherwise prevent waste and protect correlative rights.

(5) That this order should be in effect for two years and that, during this two-year period, the applicant should gather all

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

(6) That this case should be reopened at an examiner hearing in January, 1965, at which time the operators in the subject pool should be prepared to appear and show cause why the Custer-Ellenburger Gas Pool should not be developed on 160-acre proration units.

IT IS THEREFORE ORDERED:

(1) That Special Rules and Regulations for the Custer-Ellenburger Gas Pool are hereby promulgated as follows, effective January 1, 1963.

SPECIAL RULES AND REGULATIONS
FOR THE
CUSTER-ELLENBURGER GAS POOL

RULE 1. Each well completed or recompleted in the Ellenburger formation within one mile of the boundary of the Custer-Ellenburger Gas Pool and not nearer to or within the boundaries of another designated Ellenburger 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 Custer-Ellenburger Gas Pool shall be located on a standard unit consisting of approximately 320 acres which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these rules a unit consisting of between 316 and 324 contiguous surface 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 a legal subdivision of the United States Public Lands Survey, or where the non-standard unit consists of less acreage than a standard proration unit, 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 entire non-standard unit may reasonably be presumed to be productive of gas from the Custer-Ellenburger Gas Pool.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all

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operators owning interest in the section or sections in which any part of the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of Paragraph (3) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified 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 Custer-Ellenburger Gas Pool shall be located no nearer than 660 feet to the outer boundary of a quarter section or 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 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.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located a copy of the application 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 20 days, no offset operator has entered an objection to the proposed unorthodox location.

(2) That this case shall be reopened at an examiner hearing in January, 1965, at which time the operators in the subject pool may appear and show cause why the Custer-Ellenburger Gas Pool should not be developed on 160-acre gas proration units.

IT IS FURTHER ORDERED:

That all operators presently producing gas from the Custer-Ellenburger Gas Pool who propose to dedicate 320 acres to a well in said pool must file an amended Commission Form C-128 with the Hobbs District Office of the Commission by January 10, 1963.

IT IS FURTHER ORDERED:

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

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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



TOM BOLACK, Chairman



E. S. WALKER, Member



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

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