

Entered September 11, 1963
A. L. 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. 2842
Order No. R-2462-A

APPLICATION OF COMPASS EXPLORATION, INC.,
FOR AN AMENDMENT OF COMMISSION ORDER
NO. R-2462, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 26, 1963, 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 21st day of August, 1963, 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 by Order No. R-2462 entered by the Commission on April 5, 1963, in Case No. 2761, the Commission created and designated the Largo-Gallup Gas Pool comprising the following-described area:

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM
Section 3: S/2
Section 4: All

(3) That in said Order No. R-2462, the Commission found, "That in view of the history of the Gallup formation there is a reasonable probability that gas production from the Gallup formation in Sections 3 and 4, Township 26 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, is originating from a gas cap overlying an undesignated Gallup oil pool; that withdrawals from the gas pool created by this order should therefore be restricted in order to prevent undue dissipation of gas which may be the

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drive mechanism for an oil pool and in order to assure the protection of correlative rights."

(4) That by Order No. R-2462, the Commission established 160-acre units for gas wells in said Largo-Gallup Gas Pool and established 500 MCF of gas per day as the maximum amount of gas which could be produced from any gas well in said pool.

(5) That the applicant in this case, Compass Exploration, Inc., seeks an amendment to said Order No. R-2462 to provide 320-acre gas well spacing in said pool and an increase in the maximum daily rate of gas production from 500 MCF per day to 1000 MCF per day per 320-acre unit.

(6) That effective September 1, 1963, special rules and regulations establishing 320-acre gas spacing units should be promulgated for the subject pool in order to prevent the possibility of economic loss resulting from the drilling of unnecessary wells.

(7) That withdrawals from the subject pool should continue to be restricted in order to prevent waste resulting from the undue dissipation of gas which may be the drive mechanism for an oil pool, and in order to assure the protection of correlative rights; daily withdrawals from any well to which 320 acres is dedicated should not exceed 1000 MCF of gas per day.

(8) That this case should be reopened upon further development of the Gallup formation in this area in order to determine whether the pool should remain classified as a gas pool or be reclassified as an oil pool.

IT IS THEREFORE ORDERED:

(1) That effective September 1, 1963, Paragraph (3) of Order No. R-2462 is hereby amended to read in its entirety as follows:

- (3) (a) That a standard gas unit in the Largo-Gallup Gas Pool shall comprise 320 acres, being the N/2, S/2, E/2, or W/2 of a single governmental section.
- (b) That the maximum daily gas production from a standard 320-acre spacing unit in the Largo-Gallup Gas Pool shall not exceed 1000 MCF of gas per day.
- (c) That any unit comprising other than 320-acres shall be permitted a maximum daily gas production obtained by multiplying

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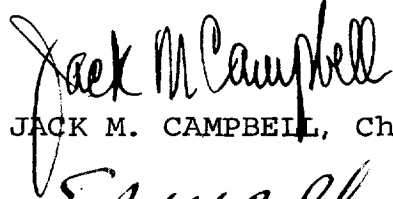
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1000 MCF by a fraction, the numerator of which shall be the acreage assigned to the well and the denominator of which shall be 320.

(2) 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.

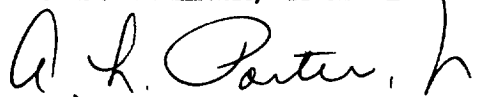
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JACK M. CAMPBELL, Chairman



E. S. WALKER, Member



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

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