

Entered September 17, 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. 2858
Order No. R-2549

APPLICATION OF STANDARD OIL COMPANY
OF TEXAS FOR SPECIAL POOL RULES, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 10, 1963, 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 14th day of August, 1963, 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, Standard Oil Company of Texas, seeks the promulgation of temporary special rules and regulations for the La Plata-Gallup Oil Pool, including a provision for 80-acre spacing units.

(3) That temporary special rules and regulations establishing 80-acre spacing should be promulgated for the subject pool in order to prevent the possibility of economic loss resulting from the drilling of unnecessary wells and in order to allow the operators in the subject pool to gather information concerning the reservoir characteristics of the pool.

(4) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(5) That the temporary special rules and regulations should be established for a one-year period and that during

-2-

CASE No. 2858
Order No. R-2549

this one-year period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(6) That this cause should be reopened at an examiner hearing in August, 1964, at which time the operators in the subject pool should appear and show cause why the La Plata-Gallup Oil Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

That special rules and regulations for the La Plata-Gallup Oil Pool are hereby promulgated as follows, effective September 1, 1963.

SPECIAL RULES AND REGULATIONS
FOR THE
LA PLATA-GALLUP OIL POOL

RULE 1. Each well completed or recompleted in the La Plata-Gallup Oil Pool or in the Gallup formation within one mile of the La Plata-Gallup Oil Pool, and not nearer to or within the limits of another designated Gallup oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the La Plata-Gallup Oil Pool shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; 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 unit.

RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single quarter-quarter section or lot. 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 may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well projected to or completed in the La Plata-Gallup Oil Pool shall be located within 150 feet of the center of a single governmental quarter-quarter section; provided, however, that nothing contained herein shall be construed as prohibiting

-3-

CASE No. 2858
Order No. R-2549

the drilling of a well on each quarter-quarter section in a standard unit.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 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 unorthodox location 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 may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) in the La Plata-Gallup Oil Pool shall be assigned an 80-acre proportional factor of 2.33 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 the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable in the La Plata-Gallup Oil Pool as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Gallup formation within the La Plata-Gallup Oil Pool or within one mile of the La Plata-Gallup Oil Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of Rule 4. The operator shall notify the Aztec District Office in writing of the name and location of the well on or before September 1, 1963.

(2) That any operator desiring to dedicate 80 acres to a well presently drilling to or completed in the La Plata-Gallup Oil Pool shall file a new Form C-128 with the Commission on or before September 1, 1963.

(3) That this case shall be reopened at an examiner hearing in August, 1964, at which time the operators in the subject pool may appear and show cause why the La Plata-Gallup Oil Pool should not be developed on 40-acre spacing units.

-4-

CASE No. 2858

Order No. R-2549

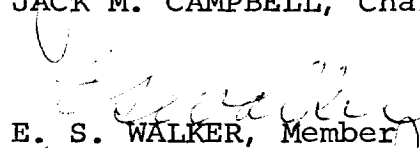
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

S E A L

esr/