

*Entered February 14, 1964  
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. 2945  
Order No. R-2623  
NOMENCLATURE

APPLICATION OF SHELL OIL COMPANY  
FOR THE CREATION OF A DEVONIAN GAS  
POOL AND FOR SPECIAL POOL RULES,  
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 4, 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 19th day of December, 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, Shell Oil Company, seeks the creation of a new gas pool for Devonian production and the promulgation of temporary special rules and regulations governing said pool, including provisions for 640-acre spacing units and limited well locations.

(3) That a new gas pool for Devonian production should be created and designated the Antelope Ridge-Devonian Gas Pool; that said pool was discovered by the Shell Oil Company Harris-Federal Well No. 1, located in Unit N of Section 27, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling

-2-

CASE No. 2945  
Order No. R-2623

of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Antelope Ridge-Devonian Gas Pool.

(5) 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.

(6) That the temporary special rules and regulations should be established for a two-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(7) That this case should be reopened at an examiner hearing in January, 1966, at which time the operators in the subject pool should be prepared to appear and show cause why the Antelope Ridge-Devonian Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Devonian production is hereby created and designated the Antelope Ridge-Devonian Gas Pool consisting of the following-described area:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 27: All

Section 33: E/2, E/2 W/2

Section 34: All

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM

Section 4: All

(2) That Special Rules and Regulations for the Antelope Ridge-Devonian Gas Pool are hereby promulgated as follows, effective January 1, 1964.

SPECIAL RULES AND REGULATIONS  
FOR THE  
ANTELOPE RIDGE-DEVONIAN GAS POOL

RULE 1. Each well completed or recompleted in the Antelope Ridge-Devonian Gas Pool or in the Devonian formation within one mile of the Antelope Ridge-Devonian Gas Pool, and not nearer to nor within the limits of another designated Devonian gas 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 Antelope Ridge-Devonian Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

RULE 3. The Secretary-Director of the Commission 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 and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) 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 no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well completed or recompleted in the Antelope Ridge-Devonian Gas Pool shall be located in the SW/4 NE/4, NW/4 SE/4, NE/4 SW/4, or SE/4 NW/4 of a governmental section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the footage 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, provided the well will be located no nearer than 330 feet to the outer boundary

-4-

CASE No. 2945  
Order No. R-2623

of the unit. 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.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Antelope Ridge-Devonian Gas Pool that does not comply with the well location requirements of Rule 4 is hereby granted an exception to said rule. The operator of any such well shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before January 1, 1964.

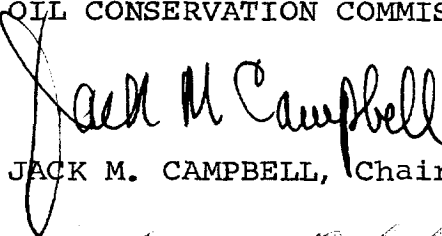
(2) That any operator desiring to dedicate 640 acres to a well presently drilling to or completed in the Antelope Ridge-Devonian Gas Pool shall file a new Form C-128 with the Commission on or before January 1, 1964.

(3) That this case shall be reopened at an examiner hearing in January, 1966, at which time the operators in the subject pool may appear and show cause why the Antelope Ridge-Devonian Gas Pool should not be developed on 160-acre spacing units.

(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/