

APACHE CORP. 5, 1965

O/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. 3206
Order No. R-2874
NOMENCLATURE

APPLICATION OF APACHE CORPORATION
FOR A POOL EXTENSION AND 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 February 10, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of March, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Apache Corporation, seeks the extension of the horizontal limits of the High Plains-Pennsylvanian Pool in Lea County, New Mexico, to include the following-described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 14: SW/4

Section 15: SE/4

Section 22: E/2

Section 23: NW/4

(3) That the horizontal limits of the High Plains-Pennsylvanian Pool should be extended to include the above-described area.

-2-

CASE No. 3206
Order No. R-2874

(4) That the applicant also seeks the promulgation of temporary special rules and regulations governing said pool, including a provision for 160-acre spacing units.

(5) 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 of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the High Plains-Pennsylvanian Pool.

(6) 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.

(7) That the temporary special rules and regulations should be established for a one-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.

(8) That this case should be reopened at an examiner hearing in March, 1966, at which time the operators in the subject pool should be prepared to appear and show cause why the High Plains-Pennsylvanian Pool should not be developed on 80-acre or 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the High Plains-Pennsylvanian Pool in Lea County, New Mexico, are hereby extended to include the following-described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 14: SW/4
Section 15: SE/4
Section 22: E/2
Section 23: NW/4

(2) That temporary Special Rules and Regulations for the High Plains-Pennsylvanian Pool are hereby promulgated as follows:

-3-

CASE No. 3206

Order No. R-2874

SPECIAL RULES AND REGULATIONS
FOR THE
HIGH PLAINS-PENNSYLVANIAN POOL

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

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, comprising a governmental quarter 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 consisting of 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 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 shall be located within 150 feet of the center of either the northeast quarter or the southwest quarter of a governmental quarter section.

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 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

-4-

CASE No. 3206

Order No. R-2874

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 (158 through 162 acres) 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 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 as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the High Plains-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1965.

(2) That each well presently drilling to or completed in the High Plains-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 160 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in March, 1965, at which time the operators in the subject pool may appear and show cause why the High Plains-Pennsylvanian Pool should not be developed on 80-acre or 40-acre spacing units.

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

-5-

CASE No. 3206

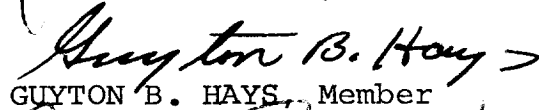
Order No. R-2874

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JACK M. CAMPBELL, Chairman



GUYTON B. HAYS, Member



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

S E A L

esr/