

*Entered June 15, 1965
R.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. 3259
Order No. R-2929
NOMENCLATURE

APPLICATION OF MIDWEST OIL CORPORATION
FOR THE CREATION OF TWO NEW OIL POOLS,
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 June 9, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 15th day of June, 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, Midwest Oil Corporation, seeks the creation of two new oil pools for Pennsylvanian production for its dually completed State "C" Well No. 1 located in Unit K of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico, and the promulgation of special rules and regulations for said pools, including provision for 160-acre spacing units and fixed well locations.

(3) That said State "C" Well No. 1 has discovered a separate common source of supply which should be designated the Nonombre-Upper Pennsylvanian Pool; that the vertical limits of said pool should be the zone encountered in said well between

-2-

CASE No. 3259

Order No. R-2929

10,344 and 10,360 feet; and that the horizontal limits of said pool should be the SW/4 of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

(4) That said State "C" Well No. 1 encountered a separate common source of supply which should be designated the Nonombre-Lower Pennsylvanian Pool; that the vertical limits of said pool should be the zone encountered in said well between 10,694 and 10,719 feet; and that the horizontal limits of said pool should be the SW/4 of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

(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 Nonombre-Upper Pennsylvanian Pool and the Nonombre-Lower Pennsylvanian Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pools 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 pools 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 July, 1966, at which time the operators in the subject pools should be prepared to appear and show cause why the Nonombre-Upper Pennsylvanian Pool and the Nonombre-Lower Pennsylvanian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Upper Pennsylvanian production, is hereby created and designated the Nonombre-Upper Pennsylvanian Pool

-3-

CASE No. 3259

Order No. R-2929

with vertical limits comprising the zone encountered in the Midwest Oil Corporation State "C" Well No. 1 located in Unit K of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico, between the interval from 10,344 to 10,360 feet, and horizontal limits comprising the SW/4 of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) That a new pool in Lea County, New Mexico, classified as an oil pool for Lower Pennsylvanian production, is hereby created and designated the Nonombre-Lower Pennsylvanian Pool with vertical limits comprising the zone encountered in said State "C" Well No. 1 between 10,694 feet and 10,719 feet, and horizontal limits comprising the SW/4 of Section 32, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That temporary Special Rules and Regulations for the Nonombre-Upper Pennsylvanian Pool and for the Nonombre-Lower Pennsylvanian Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NONOMBRE-UPPER PENNSYLVANIAN POOL
AND THE
NONOMBRE-LOWER PENNSYLVANIAN POOL

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

Each well completed or recompleted in the Nonombre-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Lower Pennsylvanian oil 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

-4-

CASE No. 3259

Order No. R-2929

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 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.

-5-

CASE No. 3259

Order No. R-2929

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Nonombre-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof and any well presently drilling to or completed in the Nonombre-Lower Pennsylvanian Pool or in the Lower 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 July 1, 1965.

(2) That each well presently drilling to or completed in the Nonombre-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof and any well presently drilling to or completed in the Nonombre-Lower Pennsylvanian Pool or in the Lower 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.

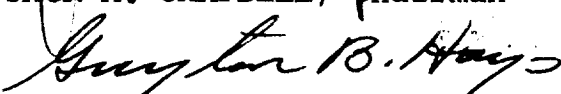
(3) That this case shall be reopened at an examiner hearing in July, 1966, at which time the operators in the subject pools may appear and show cause why the Nonombre-Upper Pennsylvanian Pool and the Nonombre-Lower Pennsylvanian Pool should not be developed on 40-acre spacing units.

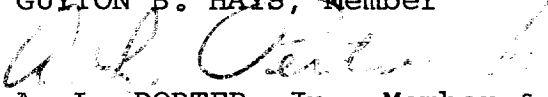
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


GUYTON B. HAYS, Member


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

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