

Entered August 19, 1966
RJP

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. 3261
Order No. R-2931-B
NOMENCLATURE

APPLICATION OF AMERADA PETROLEUM CORPORATION
FOR A POOL EXTENSION AND SPECIAL RULES, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on August 17, 1966, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th day of August, 1966, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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-2931, dated June 15, 1965, temporary Special Rules and Regulations were promulgated for the Jenkins-Cisco Pool, Lea County, New Mexico, with the provision that said temporary rules be reconsidered at a hearing to be held in July, 1966.

(3) That the applicant, Amerada Petroleum Corporation, seeks amendment of the Special Rules and Regulations promulgated by Order No. R-2931 to provide for 160-acre oil proration units, and the establishment of a 160-acre proportional factor of 6.77 for allowable purposes.

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(4) That the evidence establishes that one well in the Jenkins-Cisco Pool can efficiently and economically drain and develop 160 acres.

(5) That the applicant has not presented sufficient evidence concerning the reservoir characteristics of the Jenkins-Cisco Pool to enable the Commission to determine that a 160-acre proportional factor of 6.77 for allowable purposes will not cause reservoir damage.

(6) That the Special Rules and Regulations promulgated by Order No. R-2931, as amended by this order, will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(7) 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, the Special Rules and Regulations promulgated by Order No. R-2931, as amended by this order, should be continued in full force and effect until further order of the Commission.

(8) That this case should be reopened at an examiner hearing in February, 1967, at which time the operators in the subject pool may appear and show cause why the 160-acre proportional factor of 4.77 assigned to the Jenkins-Cisco Pool should not be retained.

(9) That the applicant, Amerada Petroleum Corporation, also seeks extension of the horizontal limits of the subject pool to include the following additional area in Lea County, New Mexico:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 19: N/2 SW/4

(10) That the horizontal limits of the Jenkins-Cisco Pool should be extended to include the lands described in Finding No. (9) above.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Jenkins-Cisco Pool in Lea County, New Mexico, are hereby extended to include the

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following-described area:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 19: N/2 SW/4

(2) That the Special Rules and Regulations governing the Jenkins-Cisco Pool, promulgated by Order No. R-2931, are hereby amended to read in their entirety as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
JENKINS-CISCO POOL

RULE 1. Each well completed or recompleted in the Jenkins-Cisco Pool or in the Cisco formation within one mile thereof, and not nearer to or within the limits of another designated Cisco 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, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

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 no nearer than 660 feet to the outer boundary of the proration unit boundary and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an

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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 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 operators offsetting the proposed location or if no objection to the unorthodox location has been entered 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 proportional factor of 4.77 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 the locations of all wells presently drilling to or completed in the Jenkins-Cisco Pool or in the Cisco formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before September 1, 1966.

(2) That each well presently drilling to or completed in the Jenkins-Cisco Pool or in the Cisco formation within one mile thereof shall, after September 1, 1966, receive an allowable in the same proportion to a standard 160-acre allowable for the pool as the acreage presently dedicated to the well bears to 160 acres, until Form C-102 dedicating 160 acres to the well has been filed with the Commission, or until a non-standard unit containing less than 160 acres has been approved.

(3) That this case shall be reopened at an examiner hearing in February, 1967, at which time the operators in the subject pool may appear and show cause why the 160-acre proportional factor of 4.77 assigned to the Jenkins-Cisco Pool should not be retained.

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(4) That Order No. R-2931-A entered by the Commission on July 14, 1966, is hereby superseded.

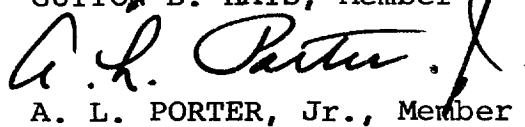
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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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