

*San Antonio 4, 1965*  
*Q.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. 3311  
Order No. R-2979  
NOMENCLATURE

APPLICATION OF MARTIN YATES III  
& S. P. YATES FOR THE CREATION OF  
AN OIL POOL AND FOR SPECIAL POOL  
RULES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 22, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of October, 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 applicants, Martin Yates III and S. P. Yates, seek the creation of a new oil pool for Seven Rivers production in the SW/4 of Section 12, Township 20 South, Range 26 East, NMPM, Eddy County, New Mexico.

(3) That the Seven Rivers formation underlying the SW/4 of Section 12, Township 20 South, Range 26 East, NMPM, Eddy County, New Mexico, constitutes a separate common source of supply which should be designated the West McMillan-Seven Rivers Oil Pool.

(4) That the applicants also seek the promulgation of special rules and regulations governing said pool, including a provision authorizing less than 40-acre spacing and a provision

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authorizing well locations no nearer than 10 feet to a quarter-quarter section line and no nearer than 20 feet to a well producing from the pool.

(5) That adoption of the proposed well locations might afford some operators the opportunity to produce more than their just and equitable share of the oil in the pool, thereby violating correlative rights.

(6) That the adoption of special rules and regulations authorizing less than 40-acre spacing and authorizing well locations no nearer than 25 feet to a quarter-quarter section line and no nearer than 50 feet to a well capable of producing from the pool will prevent waste and protect correlative rights, provided a 40-acre proration unit does not receive more than a 40-acre top unit allowable for wells in the 0-5000 foot depth range in Southeast New Mexico, regardless of the number of wells on the 40-acre unit.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as an oil pool for Seven Rivers production, is hereby created and designated the West McMillan-Seven Rivers Oil Pool, with vertical limits comprising the Seven Rivers formation and horizontal limits comprising the SW/4 of Section 12, Township 20 South, Range 26 East, NMPM, Eddy County, New Mexico.

(2) That Special Rules and Regulations for the West McMillan-Seven Rivers Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
WEST McMILLAN-SEVEN RIVERS OIL POOL

RULE 1. Each well completed or recompleted in the West McMillan-Seven Rivers Oil Pool or in the Seven Rivers formation within one mile thereof, and not nearer to or within the limits of another designated Seven Rivers 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 no nearer than 25 feet to a quarter-quarter section line and no nearer than 50 feet to any other well capable of producing from the pool.

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RULE 3. A 40-acre proration unit shall not produce in excess of the 40-acre top unit allowable for wells in the 0-5000 foot depth range in Southeast New Mexico, regardless of the number of wells on the unit.

IT IS FURTHER ORDERED:

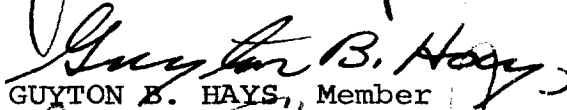
(1) That any well presently drilling to or completed in the Seven Rivers formation within the West McMillan-Seven Rivers Oil Pool or within one mile of said pool that will not comply with the well location requirements of Rule 2 is hereby granted an exception to the requirements of said rule.


(2) 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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