

*Entered December 22, 1965
A.F.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. 3348
Order No. R-3019
NOMENCLATURE

APPLICATION OF JOSEPH I. O'NEILL, Jr.,
FOR SPECIAL RULES FOR THE SOUTH PRAIRIE-
SAN ANDRES POOL, ROOSEVELT COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 14, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 22nd day of December, 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, Joseph I. O'Neill, Jr., seeks extension of the South Prairie-San Andres Pool in Roosevelt County, New Mexico, to include the following-described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM

Section 16: All

Section 17: All

Section 20: N/2

Section 21: N/2

(3) That the horizontal limits of the South Prairie-San Andres Pool should be extended to include a portion of the above-described area.

-2-

CASE No. 3348

Order No. R-3019

(4) That the applicant also seeks the promulgation of temporary special rules and regulations governing said pool, including a provision for 80-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 80-acre spacing units should be promulgated for the South Prairie-San Andres 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 an administrative procedure should be established whereby the operators in the pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease during the temporary one-year period in order to facilitate the gathering of information pertaining to reservoir characteristics.

(9) That this case should be reopened at an examiner hearing in December, 1966, at which time the operators in the subject pool should appear and present all available reservoir information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the subject pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the South Prairie-San Andres Pool in Roosevelt County, New Mexico, are hereby extended to include the following-described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 17: S/2 SE/4

-3-

CASE No. 3348

Order No. R-3019

(2) That temporary Special Rules and Regulations for the South Prairie-San Andres Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH PRAIRIE-SAN ANDRES POOL

RULE 1. Each well completed or recompleted in the South Prairie-San Andres Pool or in the San Andres formation within one mile thereof, and not nearer to or within the limits of another designated San Andres 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 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

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 comprising a governmental quarter-quarter section or lot. 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 200 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the 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. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state

-4-

CASE No. 3348

Order No. R-3019

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 (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.00 for allowable purposes, and in the event there is more than one well on an 80-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 80 acres.

IT IS FURTHER ORDERED:

(1) That the effective date of this order shall be January 1, 1966.

(2) That the locations of all wells presently drilling to or completed in the South Prairie-San Andres Pool or in the San Andres 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 January 15, 1966.

(3) That each well presently drilling to or completed in the South Prairie-San Andres Pool or in the San Andres formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(4) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that any such authorization shall be limited to a period of six months, but may be renewed. No transfer well shall be permitted to receive, in addition to its own allowable, more than 50 per cent of one top unit allowable for the pool.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in

-5-

CASE No. 3348

Order No. R-3019

triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well(s) and the transfer well(s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowables upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

(5) That this case shall be reopened at an examiner hearing in December, 1966, at which time the operators in the subject pool shall appear and present all available information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

(6) 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
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

S E A L

esr/