

*Entered June 30, 1966
CLP*

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. 3410
Order No. R-3084
NOMENCLATURE

APPLICATION OF PENNZOIL COMPANY
FOR THE CREATION OF A NEW POOL
AND FOR SPECIAL POOL RULES, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 8, 1966,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 30th day of June, 1966, 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, Pennzoil Company, seeks the creation
of a new oil pool for Morrow production in Lea County, New Mexico,
including a provision for 80-acre spacing units and a limiting
gas-oil ratio of 12,000 to 1.

(3) That the Pennzoil Company Bridges-State Well No. 1,
located in Unit A of Section 11, Township 17 South, Range 34
East, NMPM, Lea County, New Mexico, has discovered a separate
common source of supply which should be designated the North
Vacuum-Morrow Pool; that the vertical limits of said pool
should be the Morrow zone of the Pennsylvanian formation in
the interval from 11,745 feet to 12,152 feet on the log of said

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Pennzoil Company Bridges-State Well No. 1; and that the horizontal limits of said pool should be the N/2 NE/4 of Section 11, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(4) That the applicant has established that one well in the North Vacuum-Morrow Pool can efficiently and economically drain and develop 80 acres.

(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, special rules and regulations providing for 80-acre spacing units should be promulgated for the North Vacuum-Morrow Pool.

(6) That the 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 special rules and regulations should provide for a limiting gas-oil ratio of 12,000 to 1 in order to allow each operator in the pool the opportunity to use his just and equitable share of the reservoir energy.

(8) That the top of the perforations in the Morrow zone of the Pennsylvanian formation in the Pennzoil Company Bridges-State Well No. 1 is at 11,960 feet; that the special rules and regulations should therefore provide for an 80-acre proportional factor of 6.67 for allowable purposes.

(9) That in order to prevent undue dissipation of the reservoir energy and waste of oil and gas, the special rules and regulations should prohibit the flaring or venting of gas within a reasonable time after the issuance of this order.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Morrow production, is hereby created and designated the North Vacuum-Morrow Pool, with vertical limits comprising the Morrow zone of the Pennsylvanian formation in the interval from 11,745 feet to 12,152 feet on the log of the

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Pennzoil Company Bridges-State Well No. 1, located in Unit A of Section 11, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the N/2 NE/4 of Section 11, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) That Special Rules and Regulations for the North Vacuum-Morrow Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH VACUUM-MORROW POOL

RULE 1. Each well completed or recompleted in the North Vacuum-Morrow Pool or in the Morrow zone of the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Morrow 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 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 quarter-quarter section in the 80-acre unit.

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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 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 6.67 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.

RULE 7. The limiting gas-oil ratio shall be 12,000 cubic feet of gas for each barrel of oil produced.

RULE 8. No gas shall be flared or vented on or after July 15, 1966; provided, however, that any well completed in the subject pool after July 15, 1966, shall be given 30 days in which to make beneficial use of the produced casinghead gas.

RULE 9. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 8 without notice and hearing when an application has been filed setting forth the facts and circumstances justifying the exception and he determines such action is necessary to prevent waste or protect correlative rights.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Vacuum-Morrow Pool or in the Morrow zone of the Pennsylvanian formation within one mile thereof

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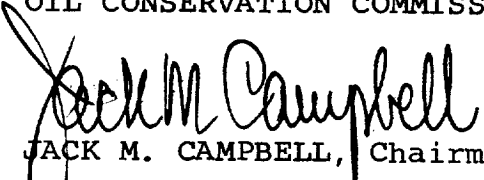
are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before July 15, 1966.

(2) That each well presently drilling to or completed in the North Vacuum-Morrow Pool or in the Morrow zone of the Pennsylvanian 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.

(3) 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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