

*San Ray DX Oil Co. 17/1966*  
*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. 3490  
Order No. R-3153  
NOMENCLATURE

APPLICATION OF SUNRAY DX OIL COMPANY  
FOR POOL REDELINEATION, ROOSEVELT COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 2, 1966,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 17th day of November, 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 by Order No. R-1670-G, dated October 29, 1965,  
temporary Special Rules and Regulations were promulgated for the  
Todd-San Andres Pool, Roosevelt County, New Mexico, superseding  
the Special Rules and Regulations promulgated by Order No. R-2666,  
dated March 13, 1964.

(3) That by Order No. R-1670-G, dated October 19, 1966,  
said temporary Special Rules and Regulations were continued in  
full force and effect until further order of the Commission.

(4) That the applicant, Sunray DX Oil Company, seeks the  
abolishment of the Todd-San Andres Pool, Roosevelt County, New  
Mexico, and the creation of the Todd-Upper San Andres Gas Pool,

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with horizontal limits to be the same as those presently designated for the Todd-San Andres Pool and vertical limits to be that portion of the San Andres formation above the anhydrite bed found at 4200 feet in the Franklin, Aston and Fair, Inc., Mark Federal Well No. 1, located in Unit M of Section 26, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico, and the creation of the Todd-Lower San Andres Pool, with horizontal limits to be the same as those presently designated for the Todd-San Andres Pool and vertical limits to be that portion of the San Andres formation below the above-described anhydrite bed.

(5) That the applicant proposes that the Todd-Lower San Andres Pool be governed by all the previous rules, regulations, and orders of the Commission presently applicable to the Todd-San Andres Pool.

(6) That the applicant also seeks the promulgation of special pool rules for the Todd-Upper San Andres Gas Pool, including a provision for 320-acre spacing.

(7) That the Todd-San Andres Pool encompasses more than one separate common source of supply and should therefore be abolished.

(8) That each of the proposed pools encompasses a separate common source of supply.

(9) That effective December 1, 1966, the Todd-Upper San Andres Gas Pool and the Todd-Lower San Andres Pool should be created with vertical limits as proposed by the applicant and horizontal limits as follows:

TODD-UPPER SAN ANDRES GAS POOL

ROOSEVELT COUNTY, NEW MEXICO

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM

Sections 22 and 23: All

Section 24: W/2

Section 25: W/2

Sections 26, 27, and 28: All

Section 34: N/2

Section 35: All

Section 36: W/2

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TODD-LOWER SAN ANDRES POOL

ROOSEVELT COUNTY, NEW MEXICO

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM

Sections 22 and 23: All

Section 24: W/2

Sections 25, 26, 27, and 28: All

Section 35: N/2 and SE/4

Section 36: All

TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMPM

Section 30: W/2

Section 31: W/2

(10) That the Todd-Lower San Andres Pool should be governed by all the previous rules, regulations, and orders presently applicable to the Todd-San Andres Pool.

(11) 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 320-acre spacing units should be promulgated for the Todd-Upper San Andres Gas Pool.

(12) That the special rules and regulations for the Todd-Upper San Andres Gas Pool should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(13) That in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights, authority should be granted to dually complete those wells presently open to both the upper zone and the lower zone of the San Andres formation in the subject area.

(14) That each well which is presently open to both the upper zone and the lower zone of the San Andres formation in the subject area and which has an underproduced status or an overproduced status as of December 1, 1966, should, on that date, have said status reduced by 50 percent, thereby permitting one-half of the

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well's production and status up to that time to be charged to the prorated lower zone and one-half to be charged to the non-prorated upper zone.

(15) That after December 1, 1966, all production from any well which is open to both the upper zone and the lower zone of the San Andres formation in the subject area should be charged to the allowable of the well for the lower zone only, until said well has been dually completed and notices of connection for both zones have been filed with the Commission.

(16) That any well which is open to both the upper zone and the lower zone of the San Andres formation in the subject area and which has not been dually completed by December 31, 1966, should, on that date, be shut in and the allowable cancelled.

IT IS THEREFORE ORDERED:

(1) That the Todd-San Andres Pool is hereby abolished.

(2) That a new pool in Roosevelt County, New Mexico, classified as an associated reservoir for the production of oil and gas from the Lower San Andres formation is hereby created and designated the Todd-Lower San Andres Pool with vertical limits comprising that portion of the San Andres formation below the anhydrite bed found at 4200 feet in the Franklin, Aston and Fair, Inc., Mark Federal Well No. 1, located in Unit M of Section 26, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico, and with horizontal limits as follows:

TODD-LOWER SAN ANDRES POOL

ROOSEVELT COUNTY, NEW MEXICO

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM

Sections 22 and 23: All

Section 24: W/2

Sections 25, 26, 27, and 28: All

Section 35: N/2 and SE/4

Section 36: All

TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMPM

Section 30: W/2

Section 31: W/2

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(3) That a new pool in Roosevelt County, New Mexico, classified as a gas pool for Upper San Andres production is hereby created and designated the Todd-Upper San Andres Gas Pool with vertical limits comprising that portion of the San Andres formation above the anhydrite bed found at 4200 feet in the Franklin, Aston and Fair, Inc., Mark Federal Well No. 1, located in Unit M of Section 26, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico, and with horizontal limits as follows:

TODD-UPPER SAN ANDRES GAS POOL

ROOSEVELT COUNTY, NEW MEXICO

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM

Sections 22 and 23: All

Section 24: W/2

Section 25: W/2

Sections 26, 27, and 28: All

Section 34: N/2

Section 35: All

Section 36: W/2

(4) That the Todd-Lower San Andres Pool shall be governed by all the previous rules, regulations, and orders presently applicable to the Todd-San Andres Pool.

(5) That Special Rules and Regulations for the Todd-Upper San Andres Gas Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS

FOR THE

TODD-UPPER SAN ANDRES GAS POOL

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

RULE 2. Each well completed or recompleted in the Todd-Upper San Andres Gas Pool shall be located on a standard unit consisting of approximately 320 acres which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these rules, a unit consisting of

between 316 and 324 contiguous surface acres shall be considered a standard 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 and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well completed or recompleted in the Todd-Upper San Andres Gas Pool shall be located in the northeast quarter or the southwest quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section and no nearer than 330 feet to any governmental quarter-quarter section line.

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

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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.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Upper San Andres formation within the Todd-Upper San Andres Gas Pool or within one mile of the Todd-Upper San Andres Gas Pool 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 of any such well shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before December 1, 1966.

(2) That any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the Todd-Upper San Andres Gas Pool shall file a new Form C-102 with the Commission on or before December 1, 1966.

(3) That each well presently open to both the upper zone and the lower zone of the San Andres formation in the subject area is hereby authorized for dual completion provided the operator furnishes the items required by Rules 112-A IV (a) and (d) of the Commission Rules and Regulations to the Secretary-Director of the Commission and obtains his approval for said dual completion. No waiting period or offset waivers will be required.

(4) That each well that is presently open to produce from both the upper zone and the lower zone of the San Andres formation in the subject area and which has an underproduced status or an overproduced status as of December 1, 1966, shall have said status reduced by 50 per cent.

(5) That after December 1, 1966, all production from any well which is completed in both the upper zone and the lower zone

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of the San Andres formation in the subject area shall be charged to the allowable for the lower zone only (Todd-Lower San Andres Pool) until said well has been dually completed and notices of connection for both zones have been filed with the Commission.

(6) That any well which is open to both the upper zone and the lower zone of the San Andres formation in the subject area and which has not been dually completed and notice of connection received by the Commission by December 31, 1966, shall be ordered shut in and the allowable therefor cancelled until such dual completion has been effected and notice of connection received.

(7) That the overproduced or underproduced status of any well presently completed in the lower zone only of the San Andres formation in the subject area shall remain unchanged by this order.

(8) That any well which is presently completed in the upper zone only of the San Andres formation in the subject area shall be removed from the gas proration schedule December 1, 1966.

(9) That this order shall become effective December 1, 1966.

(10) 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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