

*Entered August 29, 1967
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. 3642
Order No. R-3305
NOMENCLATURE

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION 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 August 23, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 29th day of August, 1967, 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, Pan American Petroleum Corporation, seeks the promulgation of special rules and regulations for the North Osudo-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing units and specified well locations.

(3) 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 640-acre spacing units should be promulgated for the North Osudo-Morrow Gas Pool.

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(4) 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.

(5) 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.

(6) That this case should be reopened at an examiner hearing in August, 1968, at which time the operators in the subject pool should be prepared to appear and show cause why the North Osudo-Morrow Gas Pool should not be developed on 320-acre spacing units.

(7) That the horizontal limits of the subject pool, as heretofore classified, defined, and described, should be extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM

Section 17: N/2

Section 20: S/2

Section 30: W/2

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the North Osudo-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, are hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM

Section 17: N/2

Section 20: S/2

Section 30: W/2

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

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH OSUDO-MORROW GAS POOL

RULE 1. Each well completed or recompleted in the North Osudo-Morrow Gas Pool or in the Morrow formation within one mile

thereof, and not nearer to or within the limits of another designated Morrow gas 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 640 acres, more or less, consisting of a governmental section.

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 Land Surveys, 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 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 shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

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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.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Osudo-Morrow Gas Pool or in the Morrow 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 15, 1967.

(2) That any operator desiring to dedicate acreage pursuant to Rule 2 to a well presently drilling to or completed in the North Osudo-Morrow Gas Pool shall file a new Form C-102 with the Commission on or before September 15, 1967.

(3) That this case shall be reopened at an examiner hearing in August, 1968, at which time the operators in the subject pool may appear and show cause why the North Osudo-Morrow Gas Pool should not be developed on 320-acre spacing units.

(4) 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

DAVID F. CARGO, Chairman

GILTON B. HAYS, Member

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

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