

Entered January 20, 1970
R.L.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. 3993
Order No. R-3644-B

APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY FOR THE CREATION
OF A NEW OIL 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 January 7, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of January, 1970, 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-3644, dated December 31, 1968, temporary Special Rules and Regulations were promulgated for the North Baum-Upper Pennsylvanian Pool, Lea County, New Mexico, for a period of one year, effective January 10, 1969.

(3) That pursuant to the provisions of Order No. R-3644, this case was reopened to allow the operators in the subject pool to appear and show cause why the North Baum-Upper Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the proportional factor of 4.77 assigned to the subject pool should or should not be retained.

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(4) That the evidence establishes that one well in the North Baum-Upper Pennsylvanian Pool can efficiently and economically drain and develop 160 acres.

(5) That the evidence establishes that wells in the North Baum-Upper Pennsylvanian Pool can produce a 160-acre allowable based upon a proportional factor of 6.77 without causing waste.

(6) That in order to protect correlative rights of those persons having an interest in the North Baum-Upper Pennsylvanian Pool, Rule 6 of the Special Rules and Regulations governing the subject pool should be amended to provide for the assignment of a 160-acre proportional factor of 6.77 for allowable purposes in the subject pool.

(7) That the Special Rules and Regulations promulgated by Order No. R-3644 have afforded and as amended by this order will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(8) 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, the Special Rules and Regulations promulgated by Order No. R-3644 as amended by this order should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That Rule 6 of the Special Rules and Regulations For The North Baum-Upper Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-3644 is hereby amended to read in its entirety as follows:

"RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 6.77 for allowable purposes, and in the event there is more than one well on a 160-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 160 acres."

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(2) That the Special Rules and Regulations governing the North Baum-Upper Pennsylvanian Pool, promulgated by Order No. R-3644 as amended by Order (1) above, are hereby continued in full force and effect until further order of 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



DAVID F. CARGO, Chairman



ALEX J. ARMIJO, Member



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

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