

Entered December 31, 1968
A.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
NOMENCLATURE

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 December 11, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 31st day of December, 1968, 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, Coastal States Gas Producing Company, seeks the creation of a new oil pool in Lea County, New Mexico, for the production of oil from the Upper Pennsylvanian formation, to be designated the North Baum-Upper Pennsylvanian Pool, comprising the following-described lands:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM

Section 19: E/2

Section 20: NW/4 and S/2

Section 21: SW/4

(3) That the applicant further seeks the promulgation of temporary special rules and regulations governing said pool,

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including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

(4) That the applicant further seeks the contraction of the Lazy J-Pennsylvanian Pool, Lea County, New Mexico, by the deletion from said pool of the following-described lands:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM

Section 20: E/2

Section 21: W/2

(5) That the reservoir information presently available indicates that the horizontal limits of the Lazy J-Pennsylvanian Pool, as presently designated, encompass more than one separate common source of supply and the horizontal limits of said pool should, in order to prevent waste and protect correlative rights, be contracted by deleting the following-described lands:

LEA COUNTY, NEW MEXICO

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM

Section 20: SE/4

(6) That the reservoir information presently available indicates that the proposed new pool encompasses a separate common source of supply and in order to prevent waste and protect correlative rights, the North Baum-Upper Pennsylvanian Pool should be created, with vertical limits comprising the Upper Pennsylvanian formation, and horizontal limits comprising the following-described lands:

LEA COUNTY, NEW MEXICO

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM

Section 19: E/2

Section 20: W/2 and SE/4

(7) 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 160-acre spacing units and the assignment of a 160-acre proportional factor of 4.77 for allowable purposes should be promulgated for the North Baum-Upper Pennsylvanian Pool.

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(8) 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.

(9) 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.

(10) That this case should be reopened at an examiner hearing in January, 1970, at which time the operators in the subject pool should be prepared 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.

IT IS THEREFORE ORDERED:

(1) That, effective January 10, 1969, the horizontal limits of the Lazy J-Pennsylvanian Pool, Lea County, New Mexico, are hereby contracted by the deletion therefrom of the following-described area:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM
Section 20: SE/4

(2) That, effective January 10, 1969, a new pool in Lea County, New Mexico, classified as an oil pool for Upper Pennsylvanian production, is hereby created and designated the North Baum-Upper Pennsylvanian Pool, with vertical limits comprising the Upper Pennsylvanian formation as found in the interval from 9732 feet to 9814 feet on the log of the discovery well, Coastal States Federal "20" Well No. 2, located in Unit N of Section 20, Township 13 South, Range 33 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the following-described area:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM
Section 19: E/2
Section 20: W/2 and SE/4

(3) That, effective January 10, 1969, temporary Special Rules and Regulations for the North Baum-Upper Pennsylvanian Pool,

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Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH BAUM-UPPER PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the North Baum-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Upper Pennsylvanian 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 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

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 consisting of less than 160 acres 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 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 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

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the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 4.77 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.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Baum-Upper Pennsylvanian Pool or in the Upper Pennsylvanian 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 10, 1969.

(2) That each well presently drilling to or completed in the North Baum-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof shall, after January 10, 1969, receive an allowable in the same proportion to a standard 160-acre allowable for the pool as the acreage presently dedicated to the well bears to 160 acres, until Form C-102 dedicating 160 acres to the well has been filed with the Commission, or until a non-standard unit containing less than 160 acres has been approved.

(3) That this case shall be reopened at an examiner hearing in January, 1970, at which time the operators in the subject pool may 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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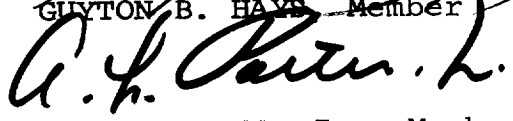
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


CLAYTON B. HAYS, Member


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

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