

*Entered September 4, 1969  
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. 4184  
Order No. R-3825  
NOMENCLATURE

APPLICATION OF PENNZOIL UNITED, INC.,  
FOR THE CREATION OF A NEW OIL POOL,  
PROMULGATION OF SPECIAL RULES THERE-  
FOR, AND A NON-STANDARD OIL WELL  
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 6, 1969,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of September, 1969, 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 United, Inc., seeks the  
creation of a new oil pool for Pennsylvanian production in Lea  
County, New Mexico, for its Gallagher "8" State Well No. 1,  
located in the NW/4 NW/4 of Section 8, Township 17 South, Range  
34 East, NMPM, Lea County, New Mexico, and the promulgation of  
special rules and regulations governing said pool, including a  
provision for 160-acre proration units and well locations in  
either the Northwest or Southeast quarter of a quarter section.

(3) That the aforesaid Pennzoil United, Inc., Gallagher "8"  
State Well No. 1, having its top perforations at 11,712 feet, has  
discovered a separate common source of supply which should be

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designated the Northwest Vacuum-Pennsylvanian Pool; that the vertical limits of said pool should be the Pennsylvanian formation; and that the horizontal limits of said pool should be the N/2 NE/4 of Section 7 and the NW/4 NW/4 of Section 8, both in Township 17 South, Range 34 East, NMPM.

(4) That the evidence presented at the hearing disclosed that the wells completed in the subject pool to date have experienced a very rapid decline in bottom-hole pressure and production which would indicate that the pool reserves are either extremely limited or the area of drainage is very small, or both.

(5) That the applicant has not established that the wells in the subject pool can efficiently and economically drain and develop 160 acres or that the establishment of special rules and regulations, even on a temporary basis, would 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, prevent reduced recovery which might result from the drilling of too few wells, or otherwise prevent waste or protect correlative rights.

(6) That the applicant's request for the promulgation of special rules for the subject pool should be denied.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, is hereby created and designated the Northwest Vacuum-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation, and horizontal limits comprising the following-described area:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 7: N/2 NE/4

Section 8: NW/4 NW/4

(2) That the applicant's request for the promulgation of special rules for the subject pool is hereby denied.

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(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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