

Entered September 12, 1970
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. 4421
Order No. R-4031
NOMENCLATURE

APPLICATION OF PHILLIPS PETROLEUM COMPANY
FOR CREATION OF A NEW OIL POOL, SPECIAL
POOL RULES THEREFOR, AND REDESIGNATION OF
THE VERTICAL LIMITS OF THE RANGER LAKE-
PENNSYLVANIAN POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 2, 1970, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 15th day of September, 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 the applicant, Phillips Petroleum Company, seeks the creation of a new oil pool in Lea County, New Mexico, to be designated the Ranger Lake-Bough Pool, with vertical limits comprising the Bough zone of the Pennsylvanian formation in the interval from subsea datum -5671 feet to -6016 feet, and horizontal limits comprising the NW/4 of Section 26, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico, and the contraction of the vertical limits of the Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, to comprise the Pennsylvanian formation in the interval from subsea datum -6080 feet to -6230 feet only.

-2-

CASE No. 4421

Order No. R-4031

(3) That the applicant's West Ranger Lake Unit Tract 2 Well No. 1, located in Unit P of Section 23 of the aforesaid Township and Range, encountered the pay section of the Ranger Lake-Pennsylvanian Pool at a subsea depth of -6080 feet to -6230 feet.

(4) That the applicant recently recompleted its West Ranger Lake Unit Well No. 1, located in Unit C of the aforesaid Section 26, in the Bough zone of the Pennsylvanian formation at a subsea depth of -5671 feet to -6016 feet.

(5) That the Bough zone of the Pennsylvanian formation underlying the NW/4 of the aforesaid Section 26 in the interval from subsea datum -5671 feet to -6016 feet as found on the log of the aforesaid West Ranger Lake Unit Well No. 1 constitutes a separate common source of supply from the pay section of the Ranger Lake-Pennsylvanian Pool as described in Finding No. 3 above.

(6) That in order to prevent waste and protect correlative rights, the vertical limits of the Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, should be contracted to comprise the Pennsylvanian formation in the interval from subsea datum -6080 feet to -6230 feet only as found on the log of the aforesaid West Ranger Lake Unit Tract 2 Well No. 1, and that a new pool, classified as an oil pool for Pennsylvanian production should be created and designated the Ranger Lake-Bough Pool with vertical limits comprising the Bough zone of the Pennsylvanian formation in the interval from subsea datum -5671 feet to -6016 feet as found on the log of the aforesaid West Ranger Lake Unit Well No. 1, and horizontal limits comprising the NW/4 of the aforesaid Section 26.

(7) That the applicant further seeks the promulgation of special rules and regulations governing the newly created Ranger Lake-Bough Pool, including a provision for 80-acre spacing and proration units.

(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, special rules and regulations providing for 80-acre spacing units should be promulgated for the Ranger Lake-Bough Pool.

-3-

CASE No. 4421
Order No. R-4031

(9) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That, effective October 1, 1970, the vertical limits of the Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, are hereby contracted to comprise the Pennsylvanian formation in the interval from subsea datum -6080 feet to -6230 feet as found on the log of the Phillips Petroleum Company West Ranger Lake Unit Tract 2 Well No. 1, located in Unit P of Section 23, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) That, effective October 1, 1970, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, is hereby created and designated the Ranger Lake-Bough Pool, with vertical limits comprising the Bough zone of the Pennsylvanian formation in the interval from subsea datum -5671 feet to -6016 feet as found on the log of the Phillips Petroleum Company West Ranger Lake Unit Well No. 1, located in Unit C of Section 26, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO
TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 26: NW/4

(3) That, effective October 1, 1970, Special Rules and Regulations for the Ranger Lake-Bough Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
RANGER LAKE-BOUGH POOL

RULE 1. Each well completed or recompleted in the Ranger Lake-Bough Pool or in the Bough zone of the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Bough zone oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

-4-

CASE No. 4421

Order No. R-4031

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be considered as prohibiting the drilling of a well on each of the quarter-quarter sections in the 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 comprising a governmental quarter-quarter section or lot, 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. The initial well on any 80-acre unit in said pool shall be located within 150 feet of the center of either the NW/4 or the SE/4 of the quarter section on which the well is located.

RULE 5. The Secretary-Director may grant an exception to the footage 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.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 4.77 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable

-5-

CASE No. 4421
Order No. R-4031

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 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Ranger Lake-Bough Pool or in the Bough zone of the 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 October 1, 1970.

(2) 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

S E A L

esr/