

Entered March 30, 1971
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. 4442 (de novo)
Order No. R-4072-A

APPLICATION OF TEXACO INC. FOR AN
EXCEPTION TO RULE 505 OF THE COM-
MISSION RULES AND REGULATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on February 17, 1971, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and was continued to 9 a.m. on February 23, 1971.

NOW, on this 30th day of March, 1971, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 after a hearing before an examiner, Commission Order No. R-4072, dated December 8, 1970, was entered denying the application of Texaco Inc., seeking an exception to Rule 505 of the Commission Rules and Regulations to permit the assignment of more than a single top unit allowable for the Vacuum-Abo Reef Pool to two wells, the surface locations of which are in the SW/4 NW/4 of Section 12, Township 18 South, Range 34 East,

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NMPM, Lea County, New Mexico, as follows:

State "AE" Well No. 8 - 2310 feet from the
North line and 330 feet from the West line;

State "AE" Well No. 10 - 1980 feet from the
North line and 990 feet from the West line.

(3) That the applicant requested and was granted a hearing de novo before the Oil Conservation Commission.

(4) That the application of Texaco Inc., was amended to also seek, as an alternative to the above-described request, an exception to Rule 104-C-I of the Commission Rules and Regulations to permit the above-described Well No. 8 to have perforations outside the horizontal limits of the proration unit dedicated to the well.

(5) That said Well No. 8 is a crooked hole that bottomed in the SE/4 NE/4 of Section 11, Township 18 South, Range 34 East.

(6) That on July 9, 1963, the applicant was authorized to dedicate the SE/4 NE/4 of said Section 11 to Well No. 8 and ordered to confine the perforated interval to said quarter-quarter section.

(7) That on said July 9, 1963, the applicant was authorized to locate its above-described Well No. 10 on said SW/4 NW/4 of said Section 12, provided said well was drilled in such a manner as to ensure that the perforated interval of said well was confined to the horizontal limits of said SW/4 NW/4.

(8) That the applicant seeks authority to additionally perforate Well No. 8 in such a manner that it would be perforated within the horizontal limits of both of the above-described proration units and to produce more than one top unit allowable for the SW/4 NW/4 of said Section 12 from the above-described two wells or in the alternative permit said Well No. 8 to produce as the dedicated well for the proration unit comprising the SE/4 NE/4 of said Section 11 with perforations both within and without the horizontal limits of said dedicated units.

(9) That said Well No. 8 is incapable of producing more than a marginal allowable through perforations confined to the horizontal limits of the SE/4 NE/4 of said Section 11.

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(10) That said Well No. 10 is capable of producing more than a top unit allowable through perforations confined to the horizontal limits of the SW/4 NW/4 of said Section 12.

(11) That perforating said Well No. 8 as requested by the applicant would permit the production of additional oil by said Well No. 8.

(12) That whether said additional oil produced by Well No. 8 is credited to the proration unit comprising the SW/4 NW/4 of said Section 12 or the proration unit comprising the SE/4 NE/4 of said Section 11 it would in fact be produced from perforations confined to the horizontal limits of the unit comprising the SW/4 NW/4 of Section 12.

(13) That the permitted top unit allowable in the subject pool is based upon a standard proration unit consisting of approximately 40 surface acres substantially in the form of a square which is a legal subdivision of the United States Public Land Surveys, or on a governmental quarter-quarter section or lot.

(14) That permitting the applicant to produce more than one top unit allowable from two wells having perforations within the horizontal limits of the SW/4 NW/4 of said Section 12, a single proration unit, would allow the operator to produce more oil from said single proration unit than other operators in the subject pool are permitted to produce from a single proration unit, and would, therefore, violate the correlative rights of the other operators in the pool.

(15) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

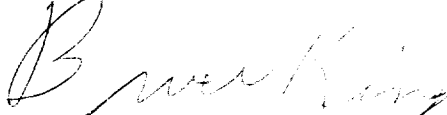
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMLIG, Member


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

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