

*Entered January 25, 1971
R.H.*

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. 4479
Order No. R-4092
NOMENCLATURE

APPLICATION OF EASTLAND OIL COMPANY
FOR THE CREATION OF A NEW POOL, ASSIGN-
MENT OF DISCOVERY ALLOWABLE, AND SPECIAL
POOL RULES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 6, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of January, 1971, 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, Eastland Oil Company, seeks the creation of a new pool for the production of oil from the Grayburg and San Andres formations in Eddy County, New Mexico, and the assignment of an oil discovery allowable to the discovery well.

(3) That the applicant further seeks the establishment of a gas-oil ratio limitation of 5000 cubic feet of gas per barrel of oil produced for the subject well.

(4) That the evidence presently available indicates that the Eastland Oil Company Arco Federal Well No. 1, located in the

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NW/4 NW/4 of Section 5, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, having its top perforations at 3410 feet, has discovered a separate common source of supply which should be designated the Power Grayburg-San Andres Pool; that the vertical limits of said pool should be the Grayburg and San Andres formations, and that the horizontal limits of said pool should comprise the following-described lands:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 5: NW/4 NW/4
Section 6: N/2 NE/4 and NE/4 NW/4

(5) That the discovery well for said pool, the aforesaid Eastland Oil Company's Arco Federal Well No. 1, is entitled to and should receive a bonus discovery oil allowable in the amount of 17,050 barrels, based upon the top perforations in said well at 3410 feet, to be assigned over a two-year period.

(6) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-oil ratio limitation of 3000 cubic feet of gas per barrel of oil.

(7) That the establishment of a special gas-oil ratio limitation of 3000 cubic feet of gas for each barrel of oil will afford to the owner of each property in the subject pool the opportunity to produce his just and equitable share of the oil and gas and will not cause waste nor violate correlative rights, provided the flaring or venting of gas in the pool is prohibited.

(8) That in order to assure the protection of correlative rights, the operator of each well in the Power Grayburg-San Andres Pool should file a new gas-oil ratio test with the Commission's Artesia Office on or before February 1, 1971.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as an oil pool for the production of oil from the Grayburg and San Andres formations, is hereby created and designated the Power Grayburg-San Andres Pool, with vertical limits comprising the Grayburg and San Andres formations, and horizontal limits

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comprising the following-described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 5: NW/4 NW/4
Section 6: N/2 NE/4 and NE/4 NW/4

(2) That the discovery well, the aforesaid Eastland Oil Company Arco Federal Well No. 1, is hereby authorized an oil discovery allowable of 17,050 barrels to be assigned to said well at the rate of 24 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That the limiting gas-oil ratio in the Power Grayburg-San Andres Pool shall be 3000 cubic feet of gas for each barrel of oil produced; that each proration unit in the Power Grayburg-San Andres Pool shall produce only that volume of gas equivalent to 3000 multiplied by top unit oil allowable for the pool.

(4) That the operator of each well in the Power Grayburg-San Andres Pool shall file a new gas-oil ratio test with the Commission's Artesia office on or before February 1, 1971. and shall furnish a schedule of test dates to the Commission's Artesia office in order that the tests may be witnessed.

(5) That after the effective date of this order, no gas shall be flared or vented in the Power Grayburg-San Andres Pool more than 60 days after a well begins to produce.

(6) That any operator who desires to obtain an exception to the foregoing provision shall file an application in triplicate with the Commission's Artesia office upon a form designated by the Commission. The district supervisor is hereby authorized to grant such exception whenever the granting of the exception is reasonably necessary to protect correlative rights, prevent waste or prevent undue hardship on the applicant. The district supervisor shall either grant the exception within 10 days after receipt of the application or refer it to the Secretary-Director of the Commission who will advertise the matter for public hearing if a hearing is desired by the applicant.

(7) That the effective date of this order shall be January 27, 1971.

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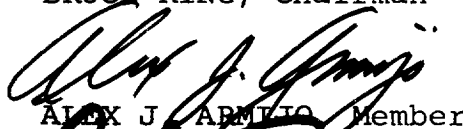
(8) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

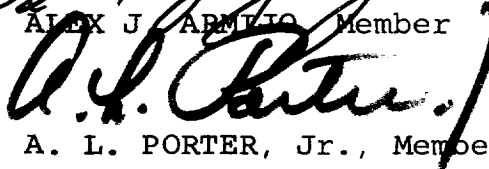
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



BRUCE KING, Chairman



ALEX J. ARMILLO, Member



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

S E A L

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