

*Entered January 27, 1972*  
*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. 4647  
Order No. R-4246

NOMENCLATURE

APPLICATION OF APACHE CORPORATION  
FOR THE CREATION OF A NEW POOL  
AND SPECIAL POOL RULES, SANDOVAL  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 19, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of January, 1972, 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, Apache Corporation, seeks the creation of a new oil pool for Mesaverde production in Sandoval County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 80-acre spacing units.

(3) That the Jicarilla Apache Well No. 1-7, located in the SE/4 NE/4 of Section 7, Township 22 North, Range 5 West, NMPM, Sandoval County, New Mexico, having its top perforations at 3974 feet, has discovered a separate common source of supply which should be designated the Venado-Mesaverde Oil Pool; that the vertical limits of said pool should be the

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Mesaverde formation; that the horizontal limits of said pool should be the SW/4 of Section 5, SE/4 of Section 6, E/2 of Section 7, and the W/2 of Section 8, Township 22 North, Range 5 West.

(4) 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 80-acre spacing units should be promulgated for the Venado-Mesaverde Oil Pool.

(5) 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.

(6) 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.

(7) That this case should be reopened at an examiner hearing in February, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the Venado-Mesaverde Oil Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Sandoval County, New Mexico, classified as an oil pool for Mesaverde production, is hereby created and designated the Venado-Mesaverde Oil Pool, with vertical limits comprising the Mesaverde formation, and horizontal limits comprising the SW/4 of Section 5, SE/4 of Section 6, E/2 of Section 7, and the W/2 of Section 8, Township 22 North, Range 5 West, NMPM, Sandoval County, New Mexico.

(2) That temporary Special Rules and Regulations for the Venado-Mesaverde Oil Pool, Sandoval County, New Mexico, are hereby promulgated as follows:

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SPECIAL RULES AND REGULATIONS  
FOR THE  
VENADO-MESAVERDE OIL POOL

RULE 1. Each well completed or recompleted in the Venado-Mesaverde Oil Pool or in the Mesaverde formation within one mile thereof, and not nearer to or within the limits of another designated Mesaverde 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 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section.

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. Each well shall be located within 150 feet of the center of either the NW/4 or SE/4 of a governmental quarter-quarter section or lot.

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

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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 2.0 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 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 Venado-Mesaverde Oil Pool or in the Mesaverde formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before February 15, 1972.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA, 1953, contained in Chapter 271, Laws of 1969, existing wells in the Venado-Mesaverde Oil Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Venado-Mesaverde Oil Pool or the Mesaverde formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

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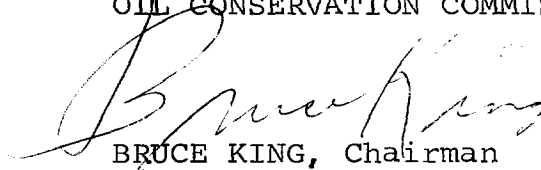
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(3) That this case shall be reopened at an examiner hearing in February, 1973, at which time the operators in the subject pool may appear and show cause why the Venado-Mesaverde Oil Pool should not be developed on 40-acre spacing units.


(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

  
BRUCE KING, Chairman

  
ALEX J. ARMIJO, Member

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

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