

Entered November 27, 1972
A.P.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:

CASES NOS. 4764 and 4765
Order No. R-4354-A

APPLICATION OF BLACK RIVER CORPORATION
FOR COMPULSORY POOLING AND NON-STANDARD
PRORATION UNIT, EDDY COUNTY, NEW MEXICO.

APPLICATION OF MICHAEL P. GRACE AND
CORINNE GRACE FOR COMPULSORY POOLING
AND NON-STANDARD PRORATION UNIT, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on November 21, 1972, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 29th day of November, 1972, 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 an examiner hearing, Commission Order No. R-4354, dated August 7, 1972, was entered in Cases Nos. 4764 and 4765 pooling all mineral interests, whatever they may be, in the Washington Ranch-Morrow Gas Pool underlying the W/2 of Section 3, Township 26 South, Range 24 East, NMPM, Eddy County, New Mexico, to form a 407.20-acre non-standard gas proration unit to be dedicated to Black River Corporation's Cities "3" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of said Section 3, and designating Black River Corporation as operator of the unit.

(3) That Rutter and Wilbanks Corporation requested and was granted a hearing de novo of Cases 4764 and 4765 before the Commission.

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Cases Nos. 4764 and 4765
Order No. R-4354-A

(4) That the evidence presented at the hearing de novo indicates that the entire W/2 of the above-described Section 3 can reasonably be presumed to be productive of gas from the Washington Ranch-Morrow Gas Pool.

(5) That the evidence presented at the hearing de novo establishes to the satisfaction of the Commission that the entire W/2 of the above-described Section 3 can be efficiently and economically drained by the above-described Cities "3" Federal Well No. 1.

(6) That to reduce the size of the proration unit dedicated to said Cities "3" Federal Well No. 1, as proposed by Rutter and Wilbanks Corporation, would deprive the owners of mineral interests in that portion of the unit which would be deleted of the opportunity to recover their just and equitable share of the hydrocarbons in the Washington Ranch-Morrow Gas Pool, unless a third well were to be drilled in said Section 3, with a complete realignment of the acreage dedicated to the subject well and to the well located in the E/2 of Section 3.

(7) That to drill a third well in Section 3, Township 26 South, Range 24 East, Washington Ranch-Morrow Gas Pool, would result in supererogatory risk and economic waste caused by the drilling of an unnecessary well.

(8) That Commission Order No. R-4354 provides protection for the correlative rights of all mineral interest owners in the W/2 of Section 3, when considered as a whole, and will result in the prevention of waste.

(9) That Commission Order No. R-4354 should be reaffirmed.


IT IS THEREFORE ORDERED:

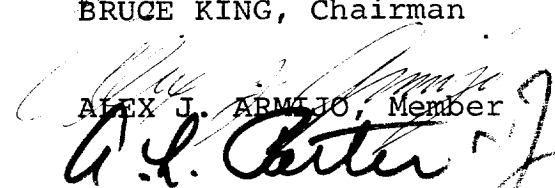
(1) That Commission Order No. R-4354, dated August 7, 1972, be and the same is hereby reaffirmed in its entirety.

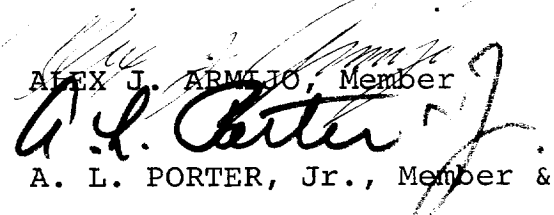
(2) That jurisdiction of this cause be retained for the entry of such further orders as the Commission may deem necessary.

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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