

*Entered November 13, 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. 4849  
Order No. R-4436

APPLICATION OF HARDING OIL COMPANY  
FOR POOL CREATION, SPECIAL RULES  
THEREFOR, AND DISCOVERY ALLOWABLE,  
LEA COUNTY, NEW MEXICO.

NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 1, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of November, 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, Harding Oil Company, seeks the creation of a new oil pool for Atoka production in Lea County, New Mexico, and the assignment of an oil discovery allowable in the amount of approximately 58,310 barrels to the discovery well.

(3) That the applicant also seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.

(4) That the evidence presently available indicates that the Shipp Well No. 4, located in Unit I of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Humble City-Atoka Pool; that the vertical limits of said pool should be the Atoka formation as found on the log of said Shipp Well No. 4 from 11,661 feet to 11,676 feet, and that the horizontal limits of said pool should be the E/2 of said Section 11.

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(5) That the discovery well for the aforesaid pool, Shipp Well No. 4, located in Unit I of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 58,310 barrels, based upon the top perforations in said well at 11,662 feet, to be assigned over a two-year period.

(6) 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 Humble City-Atoka Pool.

(7) 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.

(8) 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.

(9) That this case should be reopened at an examiner hearing in November, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the Humble City-Atoka Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Atoka production, is hereby created and designated the Humble City-Atoka Pool, with vertical limits comprising the Atoka formation as found on the log of the Harding Oil Company Shipp Well No. 4, located in Unit I of Section 11, Township 17 South, Range 37 East, from 11,661 feet to 11,676 feet, and horizontal limits comprising the following-described area:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM  
Section 11: E/2 of SE/4

(2) That the aforesaid discovery well is hereby authorized an oil discovery allowable of 58,310 barrels to be assigned to said well at the rate of 80 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That temporary Special Rules and Regulations for the Humble City-Atoka Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
HUMBLE CITY-ATOKA POOL

RULE 1. Each well completed or recompleted in the Humble City-Atoka Pool or in the Atoka formation within one mile thereof, and not nearer to or within the limits of another designated Atoka 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; provided however, that nothing contained herein shall be construed 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. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the 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. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 445 barrels per day, and in the event there is more than one well on an 80-acre proration unit, the operator may

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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 Humble City-Atoka Pool or in the Atoka 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 November 25, 1972.

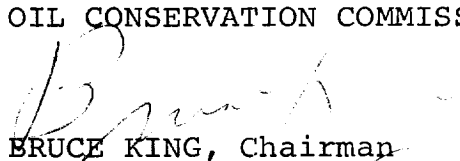
(2) That each well presently drilling to or completed in the Humble City-Atoka Pool or in the Atoka formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in November, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the Humble City-Atoka 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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