

Entered January 17, 1977

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 5813
ORDER NO. R-4441-A

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
TO CONSIDER THE ADOPTION OF GENERAL RULES AND
REGULATIONS GOVERNING ALL ASSOCIATED OIL AND
GAS POOLS OF SOUTHEAST AND NORTHWEST NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 23, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of January, 1977, 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 Case No. 5813 was called and testimony and exhibits received concerning the associated oil and gas pools of New Mexico, with the objective being the adoption of General Rules and Regulations governing said associated pools.
- (3) That the evidence received at said hearing included testimony concerning the Northwest Todd-San Andres Pool in Roosevelt County, New Mexico, and its current status.
- (4) That by Order No. R-4441 the Commission created the Northwest Todd-San Andres Pool, classifying it as an associated oil and gas pool, and promulgated Special Pool Rules therefor.
- (5) That Order No. R-5353 issued in Case No. 5813 contains Finding No. (14), which states "That the Northwest Todd-San Andres Associated Pool as previously created and defined no longer fits the associated pool classification and should be redefined as an oil pool and the special pool rules therefor amended to provide only for 80-acre oil well spacing units and a gas-oil ratio limitation of 5,000 to 1."

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(6) That decretory paragraph (6) of said Order No. R-5353 orders "That effective February 1, 1977, the Northwest Todd-San Andres Pool as heretofore classified, defined and described is hereby reclassified as an oil pool with Order No. R-4441 to be superseded by Order No. R-4441-A, to be issued concomitantly with....[Order] No. R-5353."

IT IS THEREFORE ORDERED:

(1) That effective February 1, 1977, Special Rules and Regulations for the Northwest Todd-San Andres Pool, Roosevelt County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTHWEST TODD-SAN ANDRES POOL

RULE 1. Each well completed or recompleted in the Northwest Todd-San Andres Pool or in the San Andres formation within one mile thereof, and not nearer to or within the limits of another designated San Andres 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.

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RULE 4. Each well shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit.

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. A standard proration unit (79 through 81 acres) shall be assigned a depth bracket allowable of 160 barrels, subject to the market demand percentage factor, 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.

RULE 7. The limiting gas-oil ratio shall be 5,000 cubic feet of gas for each barrel of oil produced.

RULE 8. No gas shall be flared or vented on or after the effective date of this order; provided however, that any well completed in the subject pool after the effective date of this order shall be given 30 days in which to make beneficial use of the produced casinghead gas.

RULE 9. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 8 without notice and hearing when an application has been filed setting forth the facts and circumstances justifying the exception and he determines such action is necessary to prevent waste or protect correlative rights.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Northwest Todd-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall

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notify the Hobbs district office of the Commission in writing of the name and location of the well on or before February 28, 1977.

(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 Northwest Todd-San Andres 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 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 Northwest Todd-San Andres Pool or in the San Andres formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That Commission Order No. R-4441 is hereby superseded.

(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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero

PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

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