

Entered November 14, 1973
D.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. 5081
Order No. R-4657

APPLICATION OF MESA PETROLEUM
COMPANY FOR A DUAL COMPLETION
AND SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 17, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of November, 1973, 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, Mesa Petroleum Company, seeks approval for the dual completion of its Skelly State Well No. 1, located in Unit I of Section 14, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, in such a manner as to produce oil from the North Shoe Bar-Wolfcamp Pool and gas from an undesignated Morrow gas pool through 2 7/8 inch tubing and through the casing-tubing annulus, respectively, by means of a crossover flow assembly, with separation of the zones achieved by means of a packer set at approximately 11,787 feet.

(3) That the applicant further seeks the promulgation of temporary special pool rules for said North Shoe Bar-Wolfcamp Pool, including a provision for 160-acre drilling and proration units.

(4) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(5) That the proposed dual completion will prevent waste and protect correlative rights and should be approved.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk

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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 160-acre spacing units should be promulgated for the North Shoe Bar-Wolfcamp 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 any examiner hearing in November, 1974, at which time the operators in the subject pool should be prepared to appear and show cause why the North Shoe Bar-Wolfcamp Pool should not be developed on less than 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the applicant, Mesa Petroleum Company is hereby authorized to complete its Skelly State Well No. 1, located in Unit I of Section 14, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico as a dual completion (conventional) to produce oil from the North Shoe Bar-Wolfcamp Pool and gas from an undesignated Morrow Gas Pool through 2 7/8 inch tubing and through the casing-tubing annulus, respectively, by means of a crossover flow assembly, with separation of the zones by means of a packer set at approximately 11,787 feet.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for the Morrow Gas Pool.

(2) That effective November 10, 1973, Special Rules and Regulations for the North Shoe Bar-Wolfcamp Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH SHOE BAR-WOLFCAMP POOL

RULE I. Each well completed or recompleted in the North Shoe Bar-Wolfcamp Pool or in the Wolfcamp formation within one mile

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thereof, and not nearer to or within the limits of another designated Wolfcamp 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 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United State Public Land Surveys.

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 consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United State 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 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. A standard proration unit (158 through 162 acres) shall be assigned a depth bracket allowable of 560 barrels, subject to the market demand percentage factor, and in the event there is more than one well on a 160-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 160 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Shoe Bar-Wolfcamp Pool or in the Wolfcamp 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 30, 1973.

(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 North Shoe Bar-Wolfcamp Pool shall have dedicated thereto 160 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.

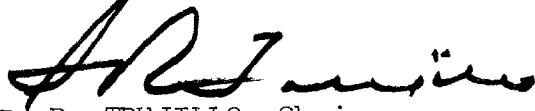
Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable.

(3) That this case shall be reopened at an examiner hearing in November, 1974, at which time the operators in the subject pool may appear and show cause why the North Shoe Bar-Wolfcamp Pool should not be developed on less than 160 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


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


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

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