

Encl'd November 1, 1973
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. 5082
Order No. R-4658

APPLICATION OF MESA PETROLEUM
COMPANY FOR A DUAL COMPLETION,
CREATION OF A NEW OIL POOL,
ASSIGNMENT OF A DISCOVERY ALLOWABLE,
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 is the owner and operator of the Hillburn Well No. 1, located in Unit E of Section 13, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) That said well has discovered a new and separate common source of supply in the Strawn formation, and a new pool designated the North Shoe Bar-Strawn Pool should be created and defined by the Commission.

(4) That applicants well, said Hillburn Well No. 1, has made a bona fide discovery of a new common source of supply, and should be assigned an oil discovery allowable pursuant to the provisions of Rule 509 of the Commission Rules and Regulations.

(5) That the top of the perforations in the subject well is at 11,289 feet in the Strawn formation; and that 56,445 barrels of oil discovery allowable should be assigned to the subject well.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise

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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-Strawn 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 the vertical limits of the North Shoe Bar-Strawn Pool should be the Strawn formation as found from 11,275 feet to 11,360 feet on the log of the discovery well, the aforesaid Hillburn Well No. 1; that the horizontal limits of said pool should be the NW/4 of Section 13, Township 16 South, Range 35, East, NMPM, Lea County, New Mexico.

(10) That this case should be reopened at an 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-Strawn Pool should not be developed on less than 160-acre spacing units.

(11) That applicant's request that the dual completion portion of its application be dismissed should be approved.

IT IS THEREFORE ORDERED:

(1) That the dual completion portion of the subject application is hereby dismissed.

(2) That a new pool for Strawn oil production be and the same is hereby created and designated the North Shoe Bar-Strawn with vertical limits defined as being the Strawn formation as found from 11,275 feet to 11,360 feet on the log of the discovery well, the Mesa Petroleum Company Hillburn Well No. 1, located in Unit E of Section 13, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, and with horizontal limits defined as being the NW/4 of said Section 13.

(3) That the aforesaid Hillborn Well No. 1 is hereby assigned an oil discovery allowable in the amount of 56,445 barrels, to be produced at a rate not to exceed 78 barrels per day.

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

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

RULE 1. Each well completed or recompleted in the North Shoe Bar-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn 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 States 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 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. A standard proration unit (158 through 162 acres) shall be assigned a depth bracket allowable of 605 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.

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IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Shoe Bar-Strawn Pool or in the Strawn 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-Strawn 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-Strawn 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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