

*Excluded November 29, 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. 5099  
Order No. R-4683

APPLICATION OF PENNZOIL COMPANY  
FOR A POOL CREATION, SPECIAL POOL  
RULES AND AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 14, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th 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, Pennzoil Company, seeks the creation of a new gas pool for Wolfcamp production in Eddy County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 320-acre spacing units.

(3) That the Moore Com Well No. 1 located at an unorthodox Wolfcamp location 2310 feet from the South line and 660 feet from the East line of Section 23, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, having its top perforations at 9605 feet, has discovered a separate common source of supply which should be designated the South Carlsbad-Wolfcamp Gas Pool; that the vertical limits of said pool should be the Wolfcamp formation and **that** the horizontal limits of said pool should be the E/2 of said Section 23.

(4) 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 320-acre spacing units should be promulgated for the South Carlsbad-Wolfcamp Gas Pool.

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the

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pool and protect correlative rights.

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the South Carlsbad-Wolfcamp Gas Pool, at which time the operators in the subject pool should appear and show cause why the South Carlsbad-Wolfcamp Gas Pool should not be developed on 160-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the South Carlsbad-Wolfcamp Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated the South Carlsbad-Wolfcamp Gas Pool, with vertical limits comprising the Wolfcamp formation and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM  
Section 23: E/2

(2) That temporary Special Rules and Regulations for the South Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
SOUTH CARLSBAD-WOLFCAMP GAS POOL

RULE 1. Each well completed or recompleted in the South Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Wolfcamp gas 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 320 acres, more or less, consisting of a governmental half section.

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 and the

unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental half section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the nearest side boundary nor nearer than 1980 feet to the nearest end boundary nor nearer 330 feet to any governmental quarter-quarter section line.

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 proration 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 operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Carlsbad-Wolfcamp Gas 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 Artesia District Office of the Commission in writing of the name and location of the well on or before December 20, 1973.

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(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 South Carlsbad-Wolfcamp Gas Pool shall have dedicated thereto 320 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 320 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 South Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the South Carlsbad-Wolfcamp Gas Pool, at which time the operators in the subject pool may appear and show cause why the South Carlsbad-Wolfcamp Gas Pool should not be developed on 160-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the South Carlsbad-Wolfcamp Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.


(5) 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. ARMILLO, Member

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

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