

Entered October 28, 1975

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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. 5569
Order No. R-5113

APPLICATION OF YATES PETROLEUM
CORPORATION FOR THE AMENDMENT OF
CERTAIN RULES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 8, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of October, 1975, 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, Yates Petroleum Corporation, seeks the amendment of Rules 104 B.I(a) and 104 C.II(a) of the Commission Rules and Regulations to include the Wolfcamp formation under standard 320-acre gas spacing and well location requirements for Southeastern New Mexico.
- (3) In the alternative, the applicant seeks special rules for gas wells completed in the Wolfcamp formation in Township 17 South, Ranges 25 and 26 East, Township 18 South, Ranges 24, 25, and 26 East, and Township 19 South, Ranges 23, 24, and 25 East, Eddy County, New Mexico, providing for 320-acre spacing and well location requirements.
- (4) That in Lea, Chaves, Eddy, and Roosevelt Counties, New Mexico, a gas well completed in the Wolfcamp formation will efficiently and economically drain and develop a 320-acre tract.

(5) That the amendment of Rule 104 as set out in Finding No. (2) above will prevent the economic loss caused by the drilling of unnecessary wells; will avoid the risks arising from the drilling of an excessive number of wells, will prevent reduced recovery which might result from the drilling of too few wells and will otherwise prevent waste and protect correlative rights.

(6) That the amendment of Rule 104 as set out in Finding No. (2) above should be approved.

(7) That the South Carlsbad-Wolfcamp Gas Pool in Eddy County, New Mexico, now covered by comparable temporary special pool rules, should be included within the 320-acre spacing and well location requirements proposed by the applicant.

IT IS THEREFORE ORDERED:

(1) That Rule 104 B.I(a) and Rule 104 C.II(a) of the Commission's Statewide Rules and Regulations are hereby amended to read in their entirety as follows:

RULE 104. WELL SPACING: ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

B. ACREAGE AND WELL LOCATION REQUIREMENTS FOR WILDCATS

I. Lea, Chaves, Eddy and Roosevelt Counties

(a) Wildcat Gas Wells

In Lea, Chaves, Eddy, and Roosevelt Counties, a wildcat well which is projected as a gas well to a formation and in an area which, in the opinion of the engineer or supervisor approving the application to drill, may reasonably be presumed to be productive of gas rather than oil shall be located on a drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U. S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

Provided however, that any such wildcat gas well which is projected to the Wolfcamp or older formations shall be located on a drilling tract consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U. S. Public Land Surveys. Any such "deep" wildcat gas well to which is dedicated more than

160 acres shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. (For the purpose of this rule, "side" boundary is defined as one of the outer boundaries running lengthwise to the tract's greatest overall dimensions; "end" boundary is defined as one of the outer boundaries perpendicular to a side boundary and closing the tract across its least overall dimension.)

C. ACREAGE AND WELL LOCATION REQUIREMENTS FOR DEVELOPMENT WELLS.

II. Gas Wells

(a) Lea, Chaves, Eddy, and Roosevelt Counties

"Unless otherwise provided in special pool rules, each development well for a defined gas pool in a formation younger than the Wolfcamp formation, or in the Wolfcamp formation which was created and defined by the Commission prior to November 1, 1975, or in a Pennsylvanian age or older formation which was created and defined by the Commission prior to June 1, 1964, shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

"Unless otherwise provided in the special pool rules, each development well for a defined gas pool in the Wolfcamp formation which was created and defined by the Commission after November 1, 1975, or of Pennsylvanian age or older which was created and defined by the Commission after June 1, 1964, shall be located on a designated drilling tract consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U. S. Public Land Surveys. Any such well having more than 160 acres dedicated to it shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. (For the purpose of this rule, 'side' boundary and 'end' boundary are as defined in Section B I(a) of this rule.)"

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(2) That the South Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, as previously defined and described by Commission order shall be drilled and spaced under the provisions of Rule 104 C.II(a) of the Commission Rules and Regulations as set out in Order (1) of this Order.

(3) That the effective date of this order shall be November 1, 1975.

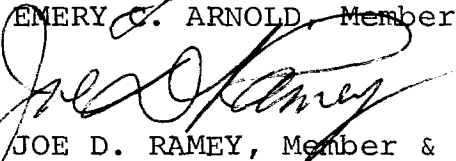
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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