

Entered April 11, 1978
JLR

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. 6166
Order No. R-5677

APPLICATION OF ODESSA NATURAL CORPORATION
FOR RESCISSION OF ORDER NO. R-5601,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 22, 1978, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 11th day of April, 1978, 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 on October 12, 1977, a Commission examiner heard Case No. 6065 wherein the applicant, Odessa Natural Corporation, sought the classification of its ARCO-Little Fed. Well No. 1, located in Unit D of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, as a gas well rather than an oil well, thereby permitting the continued dedication of the W/2 of said Section 32. Said classification would be in exception to the statewide definition of gas wells, or to the Chacon-Dakota Associated Pool definition of gas wells, whichever is applicable.

(3) That the evidence presented at that hearing demonstrated that said ARCO-Little Fed. Well No. 1 was completed as an extension of said Chacon-Dakota Associated Pool and was therefore subject to the special rules and regulations of said pool.

(4) That said special rules and regulations define a gas well as one producing with a gas-oil ratio of 30,000 cubic feet of gas or more per barrel of oil.

(5) That said ARCO-Little Fed. Well No. 1 was producing with a gas-oil ratio of less than 30,000 to 1 at that time and was classified as an oil well.

(6) That the production history of wells in said Chacon-Dakota Associated Pool demonstrated that the gas-oil ratio of said ARCO-Little Fed. Well No. 1 could be expected to rapidly rise to a level in excess of 30,000 to 1, causing said well to be reclassified as a gas well.

(7) That within said pool, oil wells are spaced on 160-acre proration units and gas wells are spaced on 320-acre spacing units.

(8) That the applicant sought the special gas well classification for said well in order to dedicate 320 acres thereto until such time as the gas-oil ratio of said well increased to a level of 30,000 to 1 or more.

(9) That such special classification and acreage dedication would prevent the drilling of a second oil well on the undrilled 160-acre tract (the SW/4 of said Section 32) which would be dedicated to said well if it should be classified as a gas well with 320 acres dedicated thereto.

(10) That said limitation on development could prevent the drilling of an unnecessary well thereby preventing economic waste.

(11) That on December 27, 1977, the Commission entered its Order No. R-5601 granting the special gas well classification for a period of approximately 6 months requiring that the applicant should appear at an Examiner hearing in July, 1978, to show cause why said special well classification should not be rescinded or to request an amendment to the special rules and regulations for the Chacon-Dakota Associated Pool to provide for a period of gas well classification for all new completions therein.

(12) That the applicant now seeks the rescission of said Order No. R-5601.

(13) That the evidence presented demonstrated that while the gas-oil ratio of said ARCO-Little Fed. Well No. 1 has increased over a four month producing interval, the level of said ratio and its rate of increase do not equal those of other wells reclassified as gas wells.

(14) That the evidence presented demonstrated that said ARCO-Little Fed. Well should be classified as an oil well.

(15) That the rescission of Order No. R-5601 will not cause waste or violate correlative rights.

(16) That the application should be approved.

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Order No. R-5677

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1978, Commission Order No. R-5601 is hereby rescinded.

(2) 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

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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