

Entered July 17, 1978
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6270
Order No. R-5771

APPLICATION OF ENSERCH EXPLORATION,
INC., FOR POOL CREATION AND SPECIAL
POOL RULES, ROOSEVELT COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 6, 1978,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of July, 1978, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Enserch Exploration, Inc., is the
owner and operator of the Lambirth Well No. 1, located in Unit
K of Section 31, Township 5 South, Range 33 East, NMPM, Roose-
velt County, New Mexico.

(3) That said well has discovered a separate common source
of supply in the Fusselman formation, and applicant seeks the
creation and designation of a new oil pool therefor and the
promulgation of special pool rules governing said pool, including
provision for 80-acre spacing and proration units and well loca-
tions.

(4) That the applicant seeks the dismissal of that portion
of this case relating to the establishment of a special gas-oil
ratio limitation for said pool.

(5) That the evidence presently available indicates that
a new pool should be created and designated the South Peterson-

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Fusselman Pool; that the vertical limits of said pool should be the Fusselman formation, and that the horizontal limits of said pool should comprise:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 31: SW/4

(6) That the evidence presently available indicates that the Fusselman formation encountered in the above-described Lambirth Well No. 1 is of high permeability, and that the drainage radius of the well will be in excess of 40 acres.

(7) 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 80-acre spacing units should be promulgated for the South Peterson-Fusselman Pool.

(8) 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.

(9) 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.

(10) That this case should be reopened at an examiner hearing in July, 1979, at which time the operators in the subject pool should be prepared to appear and show cause why the South Peterson-Fusselman Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Roosevelt County, New Mexico, classified as an oil pool for Fusselman production, is hereby created and designated the South Peterson-Fusselman Pool, with vertical limits comprising the Fusselman formation, and horizontal limits comprising the following-described area:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 31: SW/4

(2) That temporary Special Rules and Regulations for the South Peterson-Fusselman Pool, Roosevelt County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH PETERSON-FUSSELMAN POOL

RULE 1. Each well completed or recompleted in the South Peterson-Fusselman Pool or in the Fusselman formation within one mile thereof, and not nearer to or within the limits of another designated Fusselman 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 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Division Director 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 comprising a governmental quarter-quarter section or lot, 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 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 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 Division 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 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

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has been entered within 20 days after the Director has received the application.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 267 barrels per day, and in the event there is more than one well on an 80-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 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Peterson-Fusselman Pool or in the Fusselman 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 Division in writing of the name and location of the well on or before August 15, 1978.

(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 Peterson-Fusselman Pool shall have dedicated thereto 80 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 Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division 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 Peterson-Fusselman Pool or in the Fusselman 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 in July, 1979, at which time the operators in the subject pool should be prepared to appear and show cause why the South Peterson-Fusselman Pool should not be developed on 40-acre spacing units.

(4) That that portion of the application in this case dealing with the establishment of a special gas-oil ratio limitation for the South Peterson-Fusselman Pool is hereby dismissed.

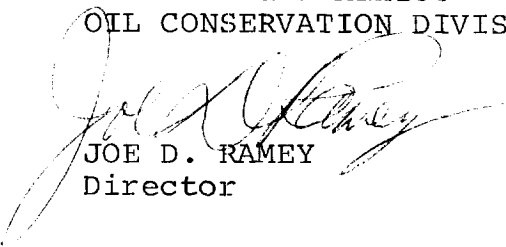
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(5) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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