

Entered August 25, 1978
JHR

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. 6295
Order No. R-5793

APPLICATION OF YATES PETROLEUM
CORPORATION FOR SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 16, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of August, 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, Yates Petroleum Corporation, seeks the promulgation of special pool rules for the Austin-Mississippian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres.
- (3) That in the alternative, the applicant seeks to limit the 160-acre spacing rules of said Austin-Mississippian Gas Pool to the present horizontal limits of the pool.
- (4) That said Austin-Mississippian Gas Pool was created and designated by the Commission by Order No. R-1129, effective February 20, 1958.
- (5) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age

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or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico,..."a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(6) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Austin-Mississippian Gas Pool in Lea County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(7) That one well in the Austin-Mississippian Gas Pool in Lea County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

(8) That to protect the rights of interest owners in the original well within said Austin-Mississippian Gas Pool, said well should be granted an exception to the well location requirements for the pool, and a non-standard 160-acre gas well spacing and proration unit for said well should be approved.

(9) That approval of this application for special pool rules subject to the provisions of Finding (8) above will not cause waste nor impair correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective September 1, 1978, each well completed or recompleted in the Austin-Mississippian Gas Pool or in the Mississippian formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

PROVIDED HOWEVER; that a 160-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 17, Township 14 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby approved and dedicated to the Phillips Petroleum Company Austin Com Well No. 1, located in Unit L of said Section 17.

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IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Austin-Mississippian Gas Pool or in the Mississippian 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 by November 1, 1978.

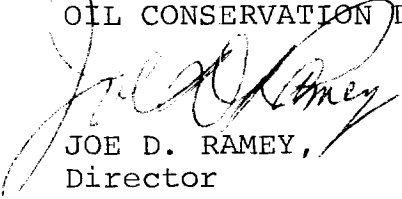
(2) That except as provided above and pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Austin-Mississippian Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Division Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

(3) 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

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