

*Entered October 7, 1957
G.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 THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1293
Order No. R-586-C

APPLICATION OF AMERADA PETROLEUM
CORPORATION FOR AN ORDER AMENDING
THE SPECIAL RULES AND REGULATIONS
FOR THE JUSTIS GAS POOL IN LEA
COUNTY, NEW MEXICO AS SET FORTH
IN ORDER R-586, R-586-A AND R-586-B,
AS AMENDED BY ORDER R-967, TO PROVIDE
FOR 320-ACRE GAS PRORATION UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 15, 1957, and again on September 18, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 3rd day of October, 1957, the Commission, a quorum being present, having considered the application and the evidence adduced 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 Commission by Order R-586 dated April 11, 1955, established 160-acre spacing for the Justis Gas Pool.
- (3) That the applicant, Amerada Petroleum Corporation, has proved by the evidence in this case that one well will drain 320 acres in the Justis Gas Pool.
- (4) That at present, the Justis Gas Pool has not been so far developed as to prevent the adoption of 320-acre spacing in said pool.
- (5) That the adoption of 320-acre spacing in the Justis Gas Pool will not cause waste nor impair correlative rights.
- (6) That the adoption of 320-acre spacing in the Justis Gas Pool will prevent the drilling of unnecessary wells in said pool.

IT IS THEREFORE ORDERED:

(1) That any well which was projected to or completed in the Justis Gas Pool prior to the effective date of this order be and the same is hereby granted an exception to Rule 5 herein-after set forth.

(2) That an increase in the acreage dedicated to any such excepted well shall become effective the first day of the month following receipt by the Commission of Form C-128, Well Location and Acreage Dedication Plat, provided said Form C-128 indicates that the acreage dedicated to such well has been increased in conformance with the Special Rules and Regulations for the Justis Gas Pool.

(3) That Rule 5 of the Special Rules and Regulations for the Justis Gas Pool be and the same is hereby superseded by the following rule:

SPECIAL RULES AND REGULATIONS FOR THE
JUSTIS GAS POOL

* * *

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the Gas Proration Unit for that well. For the purpose of Gas Allocation in the Justis Gas Pool, a standard proration unit shall consist of between 316 and 324 contiguous surface acres, substantially in the form of a rectangle which shall be a legal subdivision (half section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 320 acres. Any gas proration unit containing between 316 and 324 acres shall be considered to contain 320 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (d) of this Rule.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without notice and hearing where a verified application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The proposed non-standard proration unit consists of less than 320 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Justis Gas Pool.

5. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

6. The applicant presents written consent in the form of waivers from (a) all operators owning interests in section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

7. In lieu of sub-paragraph 6 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit. * * *


(4) The provisions of this order shall become effective November 1, 1957.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


MURRAY E. MORGAN, Member


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

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