

Entered March 30, 1979

JAR

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. 6467  
Order No. R-5958

APPLICATION OF GETTY OIL COMPANY  
FOR POOL CREATION AND 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 February 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of March, 1979, 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, Getty Oil Company, seeks the creation of a new oil pool for Wolfcamp production in Lea County, New Mexico.
- (3) That the applicant also seeks the promulgation of special rules for said pool, including a provision for 160-acre proration units.
- (4) That the evidence presently available indicates that applicant's Getty 35 State Well No. 1, located in Unit K of Section 35, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply more properly defined as the Bone Spring formation which should be designated the Grama Ridge-Bone Spring Pool; that the vertical limits of the pool should be the Bone Spring formation, and that the horizontal limits of said pool should be as follows:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM  
Section 35: SW/4

-2-

Case No. 6467  
Order No. R-5958

(5) 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 160-acre spacing units should be promulgated for the Grama Ridge-Bone Spring Pool.

(6) 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.

(7) That the temporary special rules and regulations should provide for a depth bracket allowable of 560 barrels.

(8) 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.

(9) That this case should be reopened at an examiner hearing in April, 1980, at which time the operators in the subject pool should be prepared to appear and show cause why the subject pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1979, a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production, is hereby created and designated the Grama Ridge-Bone Spring Pool, with vertical limits comprising the Bone Spring formation and horizontal limits comprising the following-described area:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM  
Section 35: SW/4

(2) That temporary Special Rules and Regulations for the Grama Ridge-Bone Spring Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE GRAMA RIDGE-BONE SPRING POOL

RULE 1. Each well completed or recompleted in the Grama Ridge-Bone Spring Pool or in the Bone Spring formation within one mile of the Grama Ridge-Bone Spring Pool, and not nearer to

nor within the limits of another designated Bone Spring pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Grama Ridge-Bone Spring Pool shall be located on a unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Lands Survey.

RULE 3. Each well completed or recompleted in said pool shall not be drilled closer than 660 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line.

RULE 4. For good cause shown, the Division Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising less than 160 acres. 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 Division Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Grama Ridge-Bone Spring Pool as the acreage in such non-standard unit bears to 160 acres.

RULE 5. A standard proration unit (158 through 162 acres) in the Grama Ridge-Bone Spring Pool shall be assigned a depth bracket allowable of 560 barrels, subject to the market demand percentage factor, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

IT IS FURTHER ORDERED:

(3) That the locations of all wells presently drilling to or completed in the Grama Ridge-Bone Spring Pool or in the Bone Spring 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 June 1, 1979.

(4) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, existing wells in the Grama Ridge-Bone Spring Pool shall have dedicated

-4-

Case No. 6467  
Order No. R-5958

thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

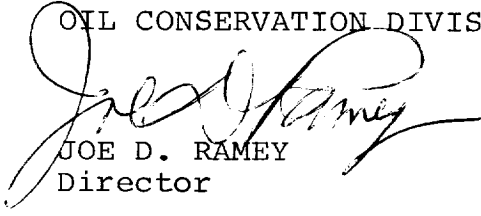
Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Grama Ridge-Bone Spring Pool or in the Bone Spring formation within one mile thereof shall receive no more than one-quarter of a standard allowable for the pool.

(5) That this case shall be reopened at an examiner hearing in April, 1980, at which time the operators in the subject pool should be prepared to appear and show cause why the Grama Ridge-Bone Spring Pool should not be developed on 40-acre spacing units.

(6) 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

S E A L

fd/