

Entered January 14, 1981
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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. 7072
Order No. R-6554

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 October 29, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of January, 1981, 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 its Amoco State Well No. 1, located in Unit L of Section 16, Township 4 South, Range 33 East, Roosevelt County, New Mexico.

(3) That the applicant requests dismissal of that portion of this case relating to creation of a new pool for the subject well inasmuch as a new pool for said well has been previously created and defined by Division Order No. R-6420, but applicant does seek the promulgation of special pool rules therefor, including a provision for 80-acre spacing.

(4) That applicant's Amoco State Well No. 1 discovered a new common source of supply in the Pennsylvanian formation which has been designated the North Peterson-Pennsylvanian Pool.

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(5) That the evidence presently available appears to justify 80-acre spacing and proration units for said pool, at least on a temporary basis for a period of one year.

(6) That such temporary rules will not cause waste nor impair correlative rights and should be approved.

(7) That during the one-year period in which this order is in effect, applicant should gather all available information relative to drainage and recoverable reserves in the subject pool.

(8) That this case should be reopened at an examiner hearing in January, 1982, at which time operators in the subject pool should appear and show cause why the subject pool should not be developed on 40-acre spacing and proration units.

IT IS THEREFORE ORDERED:

(1) That special rules and regulations for the North Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, are hereby promulgated as follows, effective December 1, 1980.

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH PETERSON-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the North Peterson-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the North Peterson-Pennsylvanian Pool, and not nearer to or within the limits of another designated Pennsylvanian 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 North Peterson-Pennsylvanian Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single 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. For good cause shown, the 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 a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of

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the application by registered or certified mail, and the application shall state that such notice has been furnished. The 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 North Peterson-Pennsylvanian Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 4. Each well drilled in the North Peterson-Pennsylvanian Pool shall be located within 150 feet of the center of a governmental quarter-quarter section.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the North Peterson-Pennsylvanian Pool shall be assigned an 80-acre 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.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Peterson-Pennsylvanian Pool or in the Pennsylvanian 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 February 1, 1981.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, existing wells in the North Peterson-Pennsylvanian Pool shall have dedicated thereto 80 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 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 North

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Peterson-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

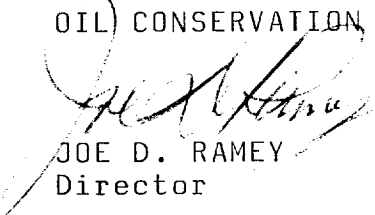
(3) That this case shall be reopened at an examiner hearing in January, 1982, at which time the operators in the subject pool may appear and show cause why the North Peterson-Pennsylvanian Pool should not be developed on 40-acre proration units.

(4) That that portion of Case No. 7072 relating to creation of a new Pennsylvanian oil pool is hereby dismissed.

(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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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