

## (SOUTH PRAIRIE-DEVONIAN POOL - Cont'd.)

operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-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 Secretary-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 including an existing well on the quarter-quarter section or lot 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 Secretary-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 has been entered within 20 days after the Secretary-Director has received the application.

**RULE 6.** A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 7.75 for allowable purposes, 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 Prairie-Devonian Pool or in the Devonian 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 Commission in writing of the name and location of the well on or before November 15, 1968.

(2) That each well presently drilling to or completed in the South Prairie-Devonian Pool or in the Devonian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in October, 1969, at which time the operators in the subject pool may appear and show cause why the South Prairie-Devonian Pool should not be developed on 40-acre spacing units.

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

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

**NORTH OSUDO-MORROW GAS POOL**  
Lea County, New Mexico

Order No. R-3305, Adopting Temporary Operating Rules for the North Osudo-Morrow Gas Pool, Lea County, New Mexico, August 29, 1967.

Order No. R-3305-A, August 13, 1968, makes permanent the rules adopted in Order No. R-3305.

Application of Pan American Petroleum Corporation for Special Pool Rules, Lea County, New Mexico.

CASE NO. 3642  
Order No. R-3305

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:** This cause came on for hearing at 9 a.m. on August 23, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 29th day of August, 1967, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pan American Petroleum Corporation, seeks the promulgation of special rules and regulations for the North Osudo-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing units and specified well locations.

(3) 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 640-acre spacing units should be promulgated for the North Osudo-Morrow Gas Pool.

(4) 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.

(5) 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.

## (NORTH OSUDO - MORROW GAS POOL - Cont'd.)

(6) That this case should be reopened at an examiner hearing in August, 1968, at which time the operators in the subject pool should be prepared to appear and show cause why the North Osudo-Morrow Gas Pool should not be developed on 320-acre spacing units.

(7) That the horizontal limits of the subject pool, as heretofore classified, defined, and described, should be extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM  
Section 17: N/2  
Section 20: S/2  
Section 30: W/2

## IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the North Osudo-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, are hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM  
Section 17: N/2  
Section 20: S/2  
Section 30: W/2

(2) That temporary Special Rules and Regulations for the North Osudo-Morrow Gas Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE  
NORTH OSUDO-MORROW GAS POOL**

**RULE 1.** Each well completed or recompleted in the North Osudo-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas 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 640 acres, more or less, consisting of a governmental section.

**RULE 3.** The Secretary-Director of the Commission 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 and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

**RULE 4.** Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

**RULE 5.** The Secretary-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 Secretary-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 has been entered within 20 days after the Secretary-Director has received the application.

## IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Osudo-Morrow Gas Pool or in the Morrow 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 Commission in writing of the name and location of the well on or before September 15, 1967.

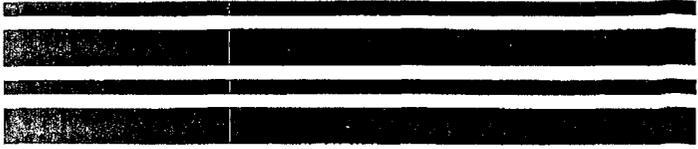
(2) That any operator desiring to dedicate acreage pursuant to Rule 2 to a well presently drilling to or completed in the North Osudo-Morrow Gas Pool shall file a new Form C-102 with the Commission on or before September 15, 1967.

(3) That this case shall be reopened at an examiner hearing in August, 1968, at which time the operators in the subject pool may appear and show cause why the North Osudo-Morrow Gas Pool should not be developed on 320 acre spacing units.

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

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

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# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

NSP-1744(L)

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

May 10, 2006

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

COG Operating, LLC  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

## **CORRECTED Division Administrative Order NSL-5376**

Dear Mr. Bruce:

Due to inadvertence Division Administrative Order NSL-5376 issued on Division administrative application reference No. pTDS0-610054174 and dated May 9, 2006 does not correctly state the intended order of the Division; therefore, this order shall be amended and corrected to read in its entirety as follows:

*“Reference is made to the following: (i) your application (**administrative application reference No. pTDS0-610054174**) filed on behalf of the applicant COG Operating, LLC (“COG”) with the New Mexico Oil Conservation Division (“Division”) in Santa Fe, New Mexico on April 10, 2006; (ii) the Division’s initial response by e-mail from Mr. Michael E. Stogner, Staff Engineer in Santa Fe, on Tuesday afternoon, May 2, 2006; (iii) your e-mail reply of May 3, 2006 with the necessary information to complete this application; and (iv) the Division’s records in Hobbs and Santa Fe, including the file on Division Administrative Order NSP-1744 (L): all concerning COG’s request for an exception to Rule 4 of the “Special Rules and Regulations for the North Osudo-Morrow Gas Pool,” as promulgated by Division Order No. R-3305, as amended, in order for COG to drill its proposed Osudo “7” State Well No. 1 (API No. 30-025-37557) at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 7, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.*

*All of Section 7, being a standard 637.54-acre gas spacing unit for the North Osudo-Morrow Gas Pool (82160), is to be dedicated to this well.*

*Your application for COG has been duly filed under the provisions of: (i) the special rules governing this pool; (ii) Division Rule 104.F; and (iii) Division Rule 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].*

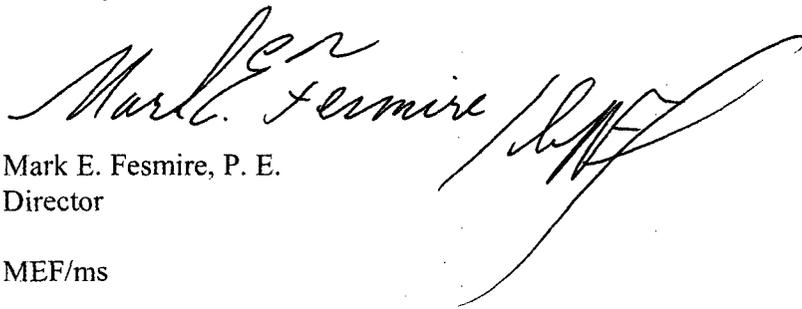
*The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the potentially productive interval of the lower Morrow formation than a well drilled at a location considered to be standard within the subject 637.54-acre unit.*

*By the authority granted me under the provisions of: (i) Rule 5 of the special rules governing the North Osudo-Morrow Gas Pool; and (ii) Division Rule 104.F (2), the unorthodox gas well location of COG's proposed Osudo "7" State Well No. 1 is hereby approved.*

The corrections set forth in this order, which is hereby entered into the Division's administrative database as administrative application reference No. pMES0-613037362, shall be entered retroactively as of May 9, 2006; all other provisions of Division Administrative Order NSL-5376 shall remain in full force and effect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs  
File: NSP-1744 (L)  
NSL-5376 (*Division administrative application reference No. pTDS0-610054174*)

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# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

May 9, 2006

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

**COG Operating, LLC**  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

**Administrative Order NSL-5376**

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pTDS0-610054174*) filed on behalf of the applicant COG Operating, LLC ("COG") with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on April 10, 2006; (ii) the Division's initial response by e-mail from Mr. Michael E. Stogner, Staff Engineer in Santa Fe, on Tuesday afternoon, May 2, 2006; (iii) your e-mail reply of May 3, 2006 with the necessary information to complete this application; and (iv) the Division's records in Hobbs and Santa Fe, including the file on Division Administrative Order NSP-1744 (L): all concerning COG's request for an exception to Rule 4 of the "*Special Rules and Regulations for the North Osudo-Morrow Gas Pool*," as promulgated by Division Order No. R-3305, as amended, in order for COG to drill its proposed Osudo "7" State Well No. 1 (*API No. 30-02537557*) at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 7, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

All of Section 7, being a standard 637.54-acre gas spacing unit for the North Osudo-Morrow Gas Pool (**82160**), is to be dedicated to this well.

Your application for COG has been duly filed under the provisions of: (i) the special rules governing this pool; (ii) Division Rule 104.F; and (iii) Division Rule 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the potentially productive interval of the lower Morrow formation than a well drilled at a location considered to be standard within the subject 637.54-acre unit.

By the authority granted me under the provisions of: (i) Rule 5 of the special rules governing the Rock Tank-Lower Morrow Gas pool; and (ii) Division Rule 104.F (2), the unorthodox gas well location of the proposed Rock Tank Federal Well No. 5 is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs  
File: NSP-1744 (L)