

Entered September 21, 1960
A.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 NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 1947
Order No. R-1683-A

APPLICATION OF PHILLIPS PETROLEUM
COMPANY AND TENNESSEE GAS AND OIL
COMPANY FOR A HEARING DE NOVO IN
CASE NO. 1947 RELATING TO THE
APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR THE ESTABLISHMENT OF
TWO 80-ACRE NON-STANDARD OIL PRO-
RATION UNITS AND ONE UNORTHODOX
OIL WELL LOCATION IN THE KEMNITZ-
WOLFCAMP POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 17, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 16th day of September, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, Phillips Petroleum Company, is the owner and operator of the SW/4 and the W/2 SE/4 of Section 25, Township 16 South, Range 33 East, Kemnitz-Wolfcamp Pool, Lea County, New Mexico.

(3) That the Special Rules and Regulations governing the Kemnitz-Wolfcamp Pool provide for 80-acre drilling and proration units, with the 80-acre unit to comprise either the E/2 or the W/2 of a governmental quarter section. Said Rules also provide that the unit well shall be located within 150 feet of the center of either the Northeast quarter or the Southwest quarter of a governmental quarter section.

(4) That Phillips Petroleum Company's New Mexico State "A"

Well No. 1, drilled in the Kemnitz-Wolfcamp Pool and located in the NE/4 SW/4 of said Section 25, is presently the unit well for an 80-acre unit consisting of the N/2 SW/4 of said Section 25 as provided by Order No. R-1683.

(5) That Phillips Petroleum Company drilled its New Mexico State "A" Well No. 2 in the Kemnitz-Wolfcamp Pool on an orthodox location in the SW/4 SE/4 of said Section 25, but this well proved to be non-commercial.

(6) That for this reason, the applicant seeks approval of an unorthodox oil well location for its New Mexico State "A" Well No. 3 in the NW/4 SE/4 of said Section 25 at a point 1980 feet from the South line and 1980 feet from the East line of said Section 25.

(7) That Phillips Petroleum Company also proposes that the said New Mexico State "A" Well No. 3 serve as the unit well for an 80-acre non-standard oil proration unit consisting of the NW/4 SE/4, N/2 SW/4 SE/4, and the N/2 SE/4 SW/4 of said Section 25.

(8) That while oil proration units which are not substantially in the shape of a square or a rectangle are not favored - even though they can be described by using the U. S. Public Lands Survey - proration units not meeting such specifications may be necessary at the edge of a pool.

(9) That Phillips Petroleum Company further proposes that a non-standard 80-acre oil proration unit consisting of the N/2 SW/4 of said Section 25 be established and that said unit be dedicated to the said New Mexico State "A" Well No. 1.

(10) That the entire acreage within the two proposed non-standard oil proration units can reasonably be presumed to be productive of oil from the Kemnitz-Wolfcamp Pool.

(11) That the establishment of 80-acre proration units in the said Kemnitz-Wolfcamp Pool with a fixed spacing pattern requiring the drilling of wells on diagonal 40-acre tracts was based upon the principle of drainage and counter-drainage. But when an operator proves by a preponderance of the evidence that his acreage is located on the edge of a pool, as is the case here, this principle must give way to the basic right of a person to drill a well on his acreage. However, when other operators have adhered to the fixed well location requirements set forth in the special pool rules, the allowable assigned to the well drilled on an unorthodox location should be adjusted downward to an amount which will, insofar as is practicable, protect correlative rights.

(12) That refusal to permit Phillips Petroleum Company to drill a well on its productive acreage would impair its correlative rights, and approval of the proposed well location should tend to

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result in a greater ultimate recovery of oil from the said Kemnitz-Wolfcamp Pool.

(13) That while the entire 80-acre non-standard unit proposed by Phillips Petroleum Company and described in Finding No. 7 above can reasonably be presumed to be productive of oil from the said Kemnitz-Wolfcamp Pool, the allowable assigned to the well should be reduced in a reasonable amount due to the unorthodox location of the proposed unit well.

(14) That considering all of the circumstances present in this case, including the amount of productive acreage, the proposed unorthodox well location, and the practical economics of the situation, the allowable assigned to the said New Mexico State "A" Well No. 3 should be in the amount of $\frac{3}{4}$ of a standard 80-acre allowable in the Kemnitz-Wolfcamp Pool.

IT IS THEREFORE ORDERED:

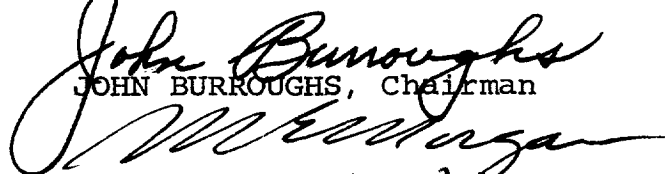
(1) That two non-standard 80-acre oil proration units in the Kemnitz-Wolfcamp Pool, one comprising the N/2 SW/4, and the other comprising the NW/4 SE/4, N/2 SW/4 SE/4 and the N/2 SE/4 SW/4, all in Section 25, Township 16 South, Range 33 East, NMPM, Lea County, New Mexico, be and the same are hereby established.

(2) That the New Mexico State "A" Well No. 1, located in the NE/4 SW/4 of said Section 25, is to have dedicated to it the N/2 SW/4 of said Section 25.


(3) That the applicant, Phillips Petroleum Company, be and the same is hereby authorized to drill a well at an unorthodox oil well location 1980 feet from the South line and 1980 feet from the East line of said Section 25. Said well is to have dedicated to it the NW/4 SE/4, N/2 SW/4 SE/4 and the N/2 SE/4 SW/4 of said Section 25, and is to be assigned an allowable in the amount of $\frac{3}{4}$ of a standard 80-acre allowable for the Kemnitz-Wolfcamp Pool.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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

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