

*Entered 2/13/63
A.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. 2744
Order No. R-2426

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR SPECIAL POOL RULES FOR
THE FOWLER-PADDOCK GAS POOL AND APPROVAL
OF A NON-STANDARD GAS UNIT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

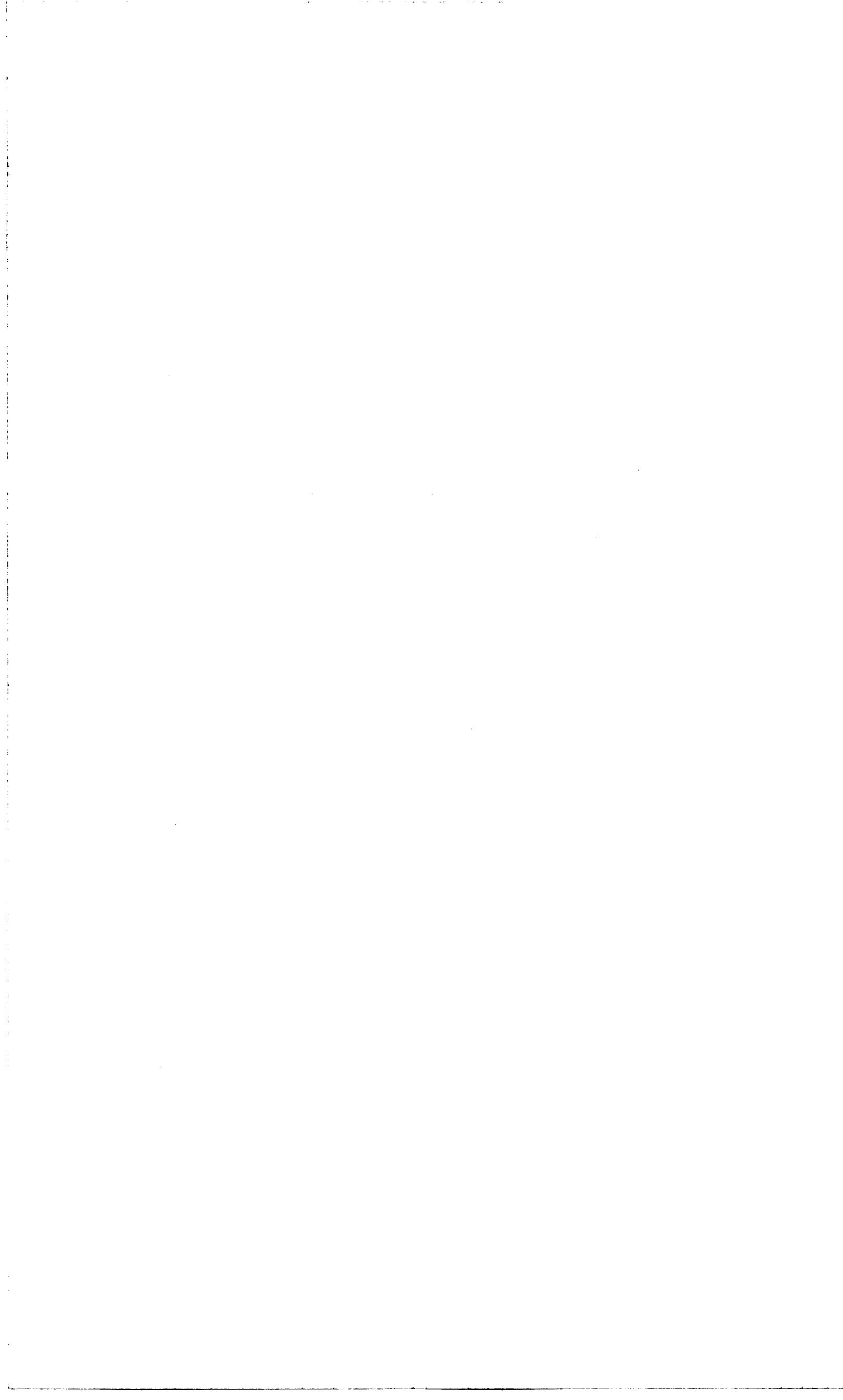
BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 23, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, is the owner and operator of a well in the Fowler-Paddock Gas Pool, Lea County, New Mexico.
- (3) That the applicant seeks the establishment of temporary special rules, including a provision for 320-acre spacing units in the Fowler-Paddock Gas Pool, Lea County, New Mexico.
- (4) That the applicant further seeks approval of a non-standard unit comprising the NE/4, E/2 NW/4, and the N/2 SE/4 of Section 22, Township 24 South, Range 37 East, NMPM, Fowler-Paddock Gas Pool, Lea County, New Mexico.
- (5) That temporary special rules and regulations establishing 320-acre spacing units should be promulgated for the subject pool in order to prevent the possibility of economic loss resulting from the drilling of unnecessary wells and in order to allow the



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operators in the subject pool to gather information concerning the reservoir characteristics of the 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 be established for a one-year period and that during this one-year period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(8) That the proposed non-standard unit should be approved and dedicated to the Pan American South Mattix Unit Well No. 11, located in Unit H of said Section 22.

(9) That this case should be reopened at an examiner hearing in February, 1964, at which time the operators in the subject pool should appear and show cause why the Fowler-Paddock Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That special rules and regulations for the Fowler-Paddock Gas Pool are hereby promulgated as follows, effective March 1, 1963.

SPECIAL RULES AND REGULATIONS
FOR THE
FWLER-PADDOCK GAS POOL

RULE 1. Each well completed or recompleted in the Fowler-Paddock Gas Pool or in the Paddock formation within one mile of the Fowler-Paddock Gas Pool, and not nearer to or within the limits of another designated Paddock pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Fowler-Paddock Gas Pool shall be located on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 3. The Secretary-Director shall have authority to 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 Lands Survey, 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 single 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 any part of 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, after a period of 30 days, no such operator has entered an objection to the formation of such non-standard unit.

RULE 4. Each well completed or recompleted in the Fowler-Paddock Gas Pool shall be located no nearer than 990 feet to the outer boundary of the quarter 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 unorthodox 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 offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That a non-standard unit comprising the NE/4, E/2 NW/4, and the N/2 SE/4 of Section 22, Township 24 South, Range 37 East, NMPM, Fowler-Paddock Gas Pool, Lea County, New Mexico, is hereby approved and dedicated to the Pan American South Mattix Unit Well No. 11, located in Unit H of said Section 22. The operator shall file a Form C-128 showing the dedication of acreage with the Hobbs District Office on or before March 1, 1963.

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(2) That any well presently drilling to or completed in the Paddock formation within the Fowler-Paddock Gas Pool or within one mile of the Fowler-Paddock Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of Rule 4. The operator shall notify the Hobbs District Office in writing of the name and location of the well on or before March 1, 1963.

(3) That any operator desiring to dedicate 320 acres to a well presently drilling or completed in the Fowler-Paddock Gas Pool shall file a new Form C-128 with the Commission on or before March 1, 1963.

(4) That this case shall be reopened at an examiner hearing in February, 1964, at which time the operators in the subject pool may appear and show cause why the Fowler-Paddock Gas Pool should not be developed on 160-acre spacing units.

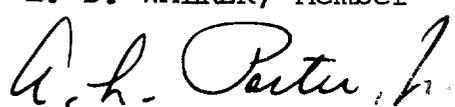
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


E. S. WALKER, Member


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

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