

*Entered March 22, 1963
O.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. 2764
Order No. R-2439
NOMENCLATURE

APPLICATION OF SKELLY OIL COMPANY
FOR THE CREATION OF A STRAWN GAS
POOL AND FOR TEMPORARY SPECIAL
POOL RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 21, 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 28th 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, Skelly Oil Company, seeks the creation of a new pool for Strawn production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That a new gas pool for Strawn production should be created and designated the West Jal-Strawn Gas Pool. This pool was discovered on January 22, 1963, by the West Jal Unit Well No. 1, located in Unit H of Section 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.

(4) That temporary special rules and regulations establishing 640-acre spacing 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 operators in the subject pool to gather information concerning the reservoir characteristics of the pool.

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(5) 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.

(6) That the temporary special rules and regulations should be established for a two-year period and that during this two-year period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing in February, 1965, at which time the operators in the subject pool should appear and show cause why the West Jal-Strawn Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production is hereby created and designated the West Jal-Strawn Gas Pool, consisting of the following-described area:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM
Section 20: All

(2) That Special Rules and Regulations for the West Jal-Strawn Gas Pool are hereby promulgated as follows, effective March 1, 1963.

SPECIAL RULES AND REGULATIONS
FOR THE
WEST JAL-STRAWN GAS POOL

RULE 1. Each well completed or recompleted in the West Jal-Strawn Gas Pool or in the Strawn formation within one mile of the West Jal-Strawn Gas Pool, and not nearer to or within the limits of another designated Strawn 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 West Jal-Strawn Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

RULE 3. The Secretary-Director 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 Lands Survey, or the following facts exist and the following provisions are complied with:

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- (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 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 completed or recompleted in the West Jal-Strawn Gas Pool shall be located no nearer than 1650 feet to the boundary of the spacing unit 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 any well presently drilling to or completed in the Strawn formation within the West Jal-Strawn Gas Pool or within one mile of the West Jal-Strawn 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 of any such well shall notify the Hobbs District Office in

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writing of the name and location of the well on or before April 1, 1963.

(2) That any operator desiring to dedicate 640 acres to a well presently drilling or completed in the West Jal-Strawn Gas Pool shall file a new Form C-128 with the Commission on or before April 1, 1963.


(3) That this case shall be reopened at an examiner hearing in February, 1965, at which time the operators in the subject pool may appear and show cause why the West Jal-Strawn Gas Pool should not be developed on 160-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.

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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