

*Order of Commission R-2576, 1963
C.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. 2904
Order No. R-2576

APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY FOR THE CREATION
OF A NEW ABO POOL AND 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 September 25, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 3rd day of October, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Coastal States Gas Producing Company, seeks the creation of a new pool for Abo production and the promulgation of temporary special rules and regulations governing said pool, including provisions for 80-acre spacing and limited well locations.

(3) That a new oil pool for Abo production should be created and designated the Flying "M" Abo Oil Pool. This pool was discovered by the Coastal States Gas Producing Company Southern Minerals State Well No. 1, located in Unit J of Section 16, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico. The top of the perforations in the Abo formation is at 8603 feet.

(4) 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

-2-

CASE No. 2904
Order No. R-2576

too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Flying "M" Abo Oil Pool.

(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 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.

(7) That this case should be reopened at an examiner hearing in October, 1964, at which time the operators in the subject pool should appear and show cause why the Flying "M" Abo Oil Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Abo production is hereby created and designated the Flying "M" Abo Oil Pool, consisting of the following-described area:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 15: W/2 W/2
Section 16: E/2

(2) That Special Rules and Regulations for the Flying "M" Abo Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
FLYING "M" ABO OIL POOL

RULE 1. Each well completed or recompleted in the Flying "M" Abo Oil Pool or in the Abo formation within one mile of the Flying "M" Abo Oil Pool, and not nearer to or within the limits of another designated Abo 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 Flying "M" Abo Oil Pool shall be located on a standard unit containing 80 acres, more or less, consisting 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. 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 comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit 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 formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. The first well drilled on every standard or non-standard unit in the Flying "M" Abo Oil Pool shall be located in the NW/4 or the SE/4 of a governmental quarter section. All wells shall be located within 200 feet of the center of a governmental quarter-quarter section.

RULE 5. The Secretary-Director may grant an exception to the footage 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, provided the well will be located no nearer than 330 feet to the outer boundary of the unit. 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.

RULE 6. A standard proration unit (79 through 81 acres) in the Flying "M" Abo Oil Pool shall be assigned an 80-acre proportional factor of 4.00 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 in the Flying "M" Abo Oil Pool as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That an 80-acre allowable shall not be assigned to a well in the Flying "M" Abo Oil Pool until the operator of the well files a new Form C-128 and Form C-116 with the Commission.

-4-

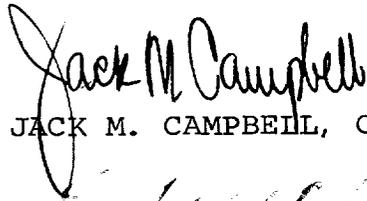
CASE No. 2904
Order No. R-2576

(2) That this case shall be reopened at an examiner hearing in October, 1964, at which time the operators in the subject pool may appear and show cause why the Flying "M" Abo Oil Pool should not be developed on 40-acre spacing units.

(3) 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

S E A L

esr/