

Entered April 7, 1964

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. 3003
Order No. R-2685

APPLICATION OF CABOT CORPORATION
FOR THE CREATION OF A NEW OIL POOL
AND FOR SPECIAL POOL RULES, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 11, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 31st day of March, 1964, 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, Cabot Corporation, seeks the creation of a new oil pool for Pennsylvanian production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 80-acre proration units.
- (3) That the Signal State Well No. 1, located in Unit A of Section 29, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico, has discovered a separate common source of supply which should be designated the Tobac-Pennsylvanian Pool; that the vertical limits of said pool should be the Pennsylvanian formation and the horizontal limits of said pool should be the SE/4 of Section 20, the SW/4 of Section 21, the NW/4 of Section 28, and the NE/4 of Section 29, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico.
- (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,

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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 80-acre spacing units should be promulgated for the Tobac-Pennsylvanian 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 top of the perforations in the Pennsylvanian formation in the Signal State Well No. 1 is at 9058 feet; that the special rules and regulations should therefore provide for an 80-acre proportional factor of 4.77 for allowable purposes.

(7) 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.

(8) That this case should be reopened at an examiner hearing in April, 1965, at which time the operators in the subject pool should be prepared to appear and show cause why the Tobac-Pennsylvanian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Chaves County, New Mexico, classified as an oil pool for Pennsylvanian production is hereby created and designated the Tobac-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the SE/4 of Section 20, the SW/4 of Section 21, the NW/4 of Section 28, and the NE/4 of Section 29, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico.

(2) That temporary Special Rules and Regulations for the Tobac-Pennsylvanian Pool are hereby promulgated as follows, effective April 1, 1964.

SPECIAL RULES AND REGULATIONS
FOR THE
TOBAC-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Tobac-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the Tobac-Pennsylvanian Pool, and not nearer to or within the limits of another designated Pennsylvanian 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 Tobac-Pennsylvanian 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 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 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. Each well projected to or completed in the Tobac-Pennsylvanian Pool shall be located within 150 feet of the center of a single governmental quarter-quarter section.

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.

RULE 6. A standard proration unit (79 through 81 acres) in the Tobac-Pennsylvanian Pool shall be assigned an 80-acre proportional factor of 4.77 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 Tobac-Pennsylvanian Pool as the acreage in such non-standard unit bears to 80 acres.

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IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Pennsylvanian formation within the Tobac-Pennsylvanian Pool or within one mile of said pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before May 1, 1964.

(2) That any operator desiring to dedicate 80 acres to a well presently drilling to or completed in the Tobac-Pennsylvanian Pool shall file a new Form C-128 with the Commission on or before May 1, 1964.

(3) That this case shall be reopened at an examiner hearing in April, 1965, at which time the operators in the subject pool may appear and show cause why the Tobac-Pennsylvanian 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.

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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