

Entered June 16, 1967
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. 3594
Order No. R-3261

APPLICATION OF AMERADA PETROLEUM CORPORATION
FOR AN OGALLALA OIL PRORATION UNIT, SPECIAL
RULES FOR SAID UNIT AND AUTHORITY FOR FRESH
WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 6, 1967,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of June, 1967, 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, Amerada Petroleum Corporation,
seeks authority to develop the SE/4 NW/4 of Section 30, Township
18 South, Range 38 East, NMPM, Lea County, New Mexico, for the
production of oil from the Ogallala formation to a maximum density
of one well per 0.625-acre tract with no well being nearer than
82.5 feet to the outer boundary of the unit and no nearer than
165 feet to another oil well producing from the Ogallala forma-
tion, provided that an exception should be made for existing wells
located on the aforesaid tract which are not located in conformance
with said spacing rules.

(3) That the applicant also seeks a temporary exception to Rule 307 of the Commission Rules and Regulations for each well to be drilled on the aforesaid quarter-quarter section to the Ogallala formation in order to permit the utilization of a vacuum-type drilling unit during the drilling and completion of said wells.

(4) That the applicant further seeks authority to produce all wells authorized by this order at capacity even though the aggregate production from said wells exceeds the 40-acre normal unit allowable.

(5) That the Ogallala formation is the major source of fresh water in the Lea County Underground Water Basin as declared by the State Engineer.

(6) That the oil existing in the Ogallala formation is not the result of a natural accumulation of oil and, therefore, does not constitute an oil pool as commonly understood in the oil and gas business.

(7) That the presence of oil in the Ogallala formation constitutes a hazard to the fresh water supplies therein.

(8) That said oil should be removed from the Ogallala formation, a fresh water aquifer, as quickly and efficiently as possible.

(9) That the utilization as proposed by the applicant of a vacuum-type drilling unit during the drilling and completion of said wells will not damage any stratum containing oil or gas.

(10) That in order to facilitate the removal of oil, an adulterous substance when present in the Ogallala formation, from said aquifer, the applicant should be authorized to develop the aforesaid quarter-quarter section for the production of oil from the Ogallala formation to the density requested by the applicant, to utilize a vacuum-type drilling unit during drilling and completion of said wells, and to produce said wells at capacity.

(11) That the applicant, Amerada Petroleum Corporation, is the owner of two "water" wells located in the aforesaid quarter-quarter section and drilled under authority granted by the State Engineer.

(12) That said two "water" wells are capable of and are producing oil from the Ogallala formation.

(13) That upon expiration of the water well permits authorizing the aforesaid two "water" wells, said wells should be classified as oil wells.

(14) That applicant's request for authority to dispose of fresh water produced with the oil back into the Ogallala formation was dismissed, at the request of the applicant, without prejudice to the right of the applicant to utilize surface pits for the disposal of water to be produced with oil produced from the Ogallala formation.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amerada Petroleum Corporation, is hereby authorized to develop the SE/4 NW/4 of Section 30, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, to a maximum density of one well per 0.625-acre tract for the purpose of removing oil from the Ogallala formation, a fresh water aquifer;

PROVIDED HOWEVER, that no well shall be drilled nearer than 82.5 feet to the outer boundary of said tract and no nearer than 165 feet to another oil well located on said tract.

(2) That the locations of the two "water" wells presently completed in and producing oil from the Ogallala formation are hereby approved as oil wells, effective upon the termination of the water well permits authorizing said wells; that the operator of the two "water" wells shall notify the Hobbs District Office of the Commission in writing of the name and location of said two wells upon expiration of the water well permits and shall also file with said office Forms C-101 and C-102 in accordance with Rules 1101 and 1102 of the Commission Rules and Regulations.

(3) That the applicant is hereby authorized, as an exception to Rule 307 of the Commission Rules and Regulations, to utilize a vacuum-type drilling unit during the drilling and completion of each of the oil wells authorized by Order No. (1) of this order.

(4) That the applicant is hereby authorized to produce each of the wells authorized by this order at maximum capacity until further order of the Commission.

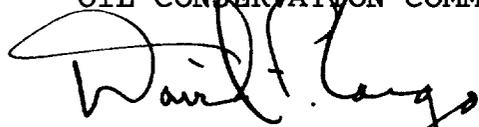
-4-

CASE No. 3594,
Order No. R-3261

(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



DAVID F. CARGO, Chairman



GUYTON B. HAYS, Member



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

S E A L

esr/