

Entered July 12, 1968
B.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. 3796
Order No. R-3452
NOMENCLATURE

APPLICATION OF THE SUPERIOR OIL COMPANY
FOR THE CREATION OF A NEW POOL, ASSIGN-
MENT OF DISCOVERY ALLOWABLE, AND THE
PROMULGATION OF POOL RULES, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 26, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 12th day of July, 1968, 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, The Superior Oil Company, seeks the
creation of a new oil pool for Upper Pennsylvanian production in
Lea County, New Mexico, and the assignment of an oil discovery
allowable in the amount of approximately 52,010 barrels to the
discovery well.

(3) That the applicant also seeks the promulgation of
special rules for said pool, including a provision for 160-acre
proration units.

(4) That the evidence presently available indicates that
the Superior Oil Company State D COM Well No. 1, located in

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Unit G of Section 4, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Cerca-Upper Pennsylvanian Pool; that the vertical limits of said pool should be the Upper Pennsylvanian formation as found in the interval from 10,397 feet to 10,422 feet on the log of the aforesaid Superior Oil Company State D COM Well No. 1; and that the horizontal limits of said pool should be the E/2 of Section 4, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico.

(5) That the discovery well for the aforesaid pool, Superior Oil Company State D COM Well No. 1, located in Unit G of Section 4, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 52,010 barrels, based upon the top perforations in said well at 10,402 feet, to be assigned over a two-year period.

(6) That should subsequent development prove that the subject well has not discovered a separate common source of supply, all bonus discovery allowable remaining unproduced at such time should be cancelled.

(7) 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 too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the Cerca-Upper Pennsylvanian Pool.

(8) 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.

(9) 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.

(10) That this case should be reopened at an examiner hearing in June, 1969, at which time the operators in the subject pool should be prepared to appear and show cause why the Cerca-Upper Pennsylvanian Pool should not be developed on 40-acre or 80-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Upper Pennsylvanian production, is hereby created and designated the Cerca-Upper Pennsylvanian Pool, with vertical limits comprising the Upper Pennsylvanian formation as found in the interval from 10,397 feet to 10,422 feet on the log of the discovery well, Superior Oil Company's State D COM Well No. 1, located in Unit G of Section 4, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the E/2 of said Section 4.

(2) That the aforesaid discovery well is hereby authorized an oil discovery allowable of 52,010 barrels to be assigned to said well at the rate of 72 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that should subsequent development prove that the subject well has not discovered a separate common source of supply, all bonus discovery oil allowable remaining unproduced at such time shall be cancelled.

(3) That temporary Special Rules and Regulations for the Cerca-Upper Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
CERCA-UPPER PENNSYLVANIAN POOL

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

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

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 consisting of less than 160 acres or the unorthodox size or shape

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of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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 shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

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 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 operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 7.67 for allowable purposes, and in the event there is more than one well on a 160-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 as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Cerca-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before August 1, 1968.

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(2) That each well presently drilling to or completed in the Cerca-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 160 acres to the well has been filed with the Commission, or until a non-standard unit containing less than 160 acres has been approved.

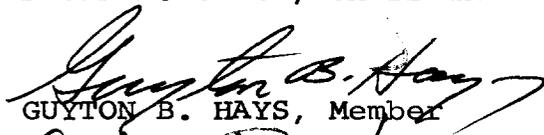
(3) That this case shall be reopened at an examiner hearing in June, 1969, at which time the operators in the subject pool may appear and show cause why the Cerca-Upper Pennsylvanian Pool should not be developed on 40-acre or 80-acre spacing units.

(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

DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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

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