

Entered October 22, 1968
A.P.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. 3890
Order No. R-3529

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR SPECIAL POOL RULES AND
A NON-STANDARD GAS PRORATION UNIT, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 22nd day of October, 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, Pan American Petroleum Corporation, seeks the promulgation of special rules and regulations for the Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, including a provision for 320-acre spacing units and specified well locations.
- (3) That the applicant further seeks approval of a non-standard gas proration unit comprising Lots 3, 4, SE/4 SW/4, and SE/4 of Section 30, Township 17 South, Range 28 East, NMPM, Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to its State V Com Well No. 1, to be located 990 feet from the South line and 990 feet from the East line of said Section 30.

-2-

CASE No. 3890

Order No. R-3529

(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 too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations providing for 320-acre spacing units should be promulgated for the Empire-Pennsylvanian Gas Pool.

(5) That the 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 proposed non-standard gas proration unit should be approved and dedicated to the Pan American Petroleum Corporation State V Com Well No. 1.

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
EMPIRE-PENNSYLVANIAN GAS POOL

RULE 1. Each well completed or recompleted in the Empire-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian gas 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 consisting of approximately 320 acres which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 contiguous surface acres shall be considered a standard 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 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:

- (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 shall be located in the northwest quarter or the southeast quarter of the section and shall be located no nearer than 790 feet to the outer boundary of the quarter section and no nearer than 130 feet to any governmental quarter-quarter section line.

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

-4-

CASE No. 3890

Order No. R-3529

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. Each well shall be cased and cemented as follows:

(a) Surface Pipe

The surface pipe shall be set through all shallow potable water-bearing beds, and a sufficient amount of cement shall be used to circulate the cement behind the pipe to the bottom of the cellar.

(b) Intermediate String

The intermediate string of casing shall be set through the shallow oil-producing beds in the area, and in no event shall be set higher than the top of the San Andres formation and a sufficient amount of cement used to circulate the cement to the base of the surface casing.

(c) Production String

The production string shall be set no higher than the top of the producing formation, and a sufficient amount of cement shall be used to circulate the cement to a point above the top of the Wolfcamp producing formation encountered in the area at an approximate depth of 7,000 feet. An alternate cementing method may be employed using a two-stage tool, provided that the method is satisfactory to the District Oil and Gas Inspector.

IT IS FURTHER ORDERED:

(1) That a non-standard gas proration unit comprising Lots 3, 4, SE/4 SW/4, and SE/4 of Section 30, Township 17 South, Range 28 East, NMPM, Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, is hereby approved and dedicated to the Pan American

-5-

CASE No. 3890
Order No. R-3529

Petroleum Corporation State V Com Well No. 1, to be located 990 feet from the South line and 990 feet from the East line of said Section 30.

(2) That the locations of all wells presently drilling to or completed in the Empire-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator or any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before November 15, 1968.

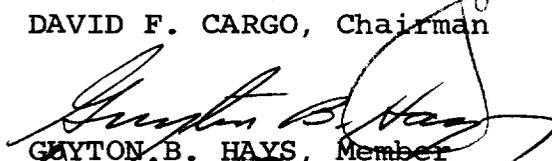
(3) That any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the Empire-Pennsylvanian Gas Pool shall file a Form C-102 with the Commission on or before November 15, 1968.

(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


CLAYTON B. HAYS, Member


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

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