

Entered November 21, 1968
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. 3889
Order No. R-3585
NOMENCLATURE

APPLICATION OF BTA OIL PRODUCERS
FOR THE CREATION OF A NEW POOL AND
SPECIAL POOL RULES, LEA AND ROOSEVELT
COUNTIES, 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 21st day of November, 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, BTA Oil Producers, seeks the creation of a new pool for the production of oil from the Bough "C" zone of the Pennsylvanian formation in Lea and Roosevelt Counties, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 160-acre spacing units and for the assignment of an 80-acre allowable factor of 4.77.

(3) That the BTA Oil Producers Federal Northcutt Well No. 1, located in Unit B of Section 5, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico, having its top perforations at 9766

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feet, has discovered a separate common source of supply which should be designated the Middle Allison-Pennsylvanian Pool; that the vertical limits of said pool should be the Bough "C" zone of the Pennsylvanian formation; and that the horizontal limits of said pool should be as follows:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
ROOSEVELT COUNTY, NEW MEXICO

Section 32: S/2

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
LEA COUNTY, NEW MEXICO

Section 4: W/2

Section 5: All

(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, temporary special rules and regulations providing for 160-acre spacing units and the assignment of a 160-acre proportional factor of 4.77 for allowable purposes should be promulgated for the Middle Allison-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 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 November, 1969, at which time the operators in the subject pool should be prepared to appear and show cause why the Middle Allison-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the proportional factor of 4.77 assigned to the subject pool should or should not be retained.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea and Roosevelt Counties, New Mexico, classified as an oil pool for Pennsylvanian production, is hereby created and designated the Middle Allison-Pennsylvanian Pool, with vertical limits comprising the Bough "C" zone of the Pennsylvanian formation and horizontal limits comprising the following:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
ROOSEVELT COUNTY, NEW MEXICO
Section 32: S/2

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
LEA COUNTY, NEW MEXICO
Section 4: W/2
Section 5: All

(2) That temporary Special Rules and Regulations for the Middle Allison-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
MIDDLE ALLSION-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Middle Allison-Pennsylvanian Pool or in the Bough "C" zone of the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated 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 of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting

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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 4.77 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 Middle Allison-Pennsylvanian Pool or in the Bough "C" zone of the Pennsylvanian formation within one mile thereof, but not nearer to nor within the limits of another Bough "C" Pennsylvanian Pool, 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 December 1, 1968.

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(2) That each well presently drilling to or completed in the Middle Allison-Pennsylvanian Pool or in the Bough "C" zone of the Pennsylvanian formation within one mile thereof, but not nearer to nor within the limits of another Bough "C" Pennsylvanian Pool, shall receive a 40-acre allowable until a Form C-102 dedicating 160 acres to the well has been filed with the Commission.

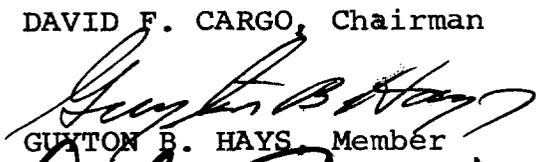
(3) That this case shall be reopened at an examiner hearing in November, 1969, at which time the operators in the subject pool may appear and show cause why the Middle Allison-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the proportional factor of 4.77 assigned to the subject pool should or should not be retained.

(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

S E A L

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