

*Entered July 19, 1972
R.J.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. 4743
Order No. R-4343

NOMENCLATURE

APPLICATION OF TENNECO OIL
COMPANY FOR POOL CONTRACTION
REDEFINITION OF A POOL AND
SPECIAL POOL RULES, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 28, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 19th day of July, 1972, 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, Tenneco Oil Company, seeks the creation of a new gas pool for Dakota "D" zone production in San Juan County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 320-acre spacing and proration units.

(3) That the Tenneco Oil Company Snake Eyes Well No. 1, located in Unit C of Section 20, Township 21 North, Range 8 West, NMPM, San Juan County, New Mexico, having its top perforations at 4606 feet, has discovered a separate common source of supply which should be designated the Snake Eyes-Dakota "D" Gas Pool; that the vertical limits of said pool should be the Dakota "D" formation and that the horizontal limits of said pool should be Sections 17 and 20.

(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 Snake Eyes-Dakota "D" 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 horizontal limits of the Basin-Dakota Pool should be contracted by deleting therefrom all of Sections 17 and 20, Township 21 North, Range 8 West, NMPM, San Juan County, New Mexico.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Basin-Dakota Pool are hereby contracted by the deletion therefrom of the following described area:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 21 NORTH, RANGE 8 WEST, NMPM
Section 17: All
Section 20: All

(2) That a new pool in San Juan County, New Mexico, classified as a gas pool for Dakota "D" zone production, is hereby created and designated the Snake Eyes-Dakota "D" Gas Pool, with vertical limits comprising the Dakota "D" zone and horizontal limits comprising the following-described area:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 21 NORTH, RANGE 8 WEST, NMPM
Section 17: All
Section 20: All

(3) That Special Rules and Regulations for the Snake Eyes-Dakota "D" Gas Pool, San Juan County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SNAKE EYES-DAKOTA "D" GAS POOL

RULE 1. Each well completed or recompleted in the Snake Eyes-Dakota "D" Gas Pool or in the Dakota formation within one mile thereof, and not nearer to or within the limits of another designated Dakota 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 Land Surveys, 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 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 no closer than 990 feet to the outer boundary of the dedicated tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

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

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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.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Snake Eyes-Dakota "D" Gas Pool or in the Dakota "D" zone within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before August 1, 1972.

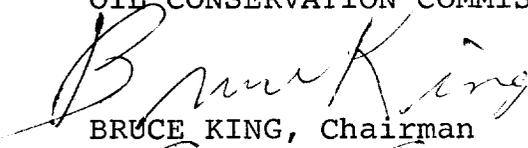
(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Snake Eyes-Dakota "D" Gas Pool shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable.

(3) 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


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

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