

*Entered August 22, 1972
D.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. 4790
Order No. R-4370

NOMENCLATURE

APPLICATION OF THE PETROLEUM
CORPORATION FOR SPECIAL POOL
RULES AND A NON-STANDARD PRO-
RATION UNIT, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 22nd day of August, 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, The Petroleum Corporation, seeks the promulgation of special rules and regulations for the Dublin-Ellenburger Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing units.
- (3) That the applicant further seeks approval for a 480-acre non-standard gas proration unit comprising the S/2, S/2 NE/4 and E/2 NW/4 of Section 12, Township 26 South, Range 37 East, to be dedicated to its Tenneco Federal Well No. 1 located in Unit N of said Section 12.
- (4) That the applicant has established that one well in the Dublin-Ellenburger Gas Pool can efficiently and economically drain and develop 640 acres.
- (5) That the entire non-standard gas proration unit requested by the applicant may reasonably be presumed to be productive of gas from the Dublin-Ellenburger Gas Pool and can be efficiently and economically drained and developed by the aforesaid well.

(6) That the application for the above-described non-standard proration unit should be approved.

(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 640-acre spacing units should be promulgated for the Dublin-Ellenburger Gas 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 special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(10) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Dublin-Ellenburger Gas Pool, at which time the operators in the subject pool should appear and show cause why the Dublin-Ellenburger Gas Pool should not be developed on 320-acre spacing units.

(11) That the first operator to obtain a pipeline connection for a well in the Dublin-Ellenburger Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

(1) That the Dublin Ellenburger Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 12: N/2

(2) That temporary Special Rules and Regulations for the Dublin-Ellenburger Gas Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
DUBLIN-ELLENBURGER GAS POOL

RULE 1. Each well completed or recompleted in the Dublin-
Ellenburger Gas Pool or in the Ellenburger formation within one
mile thereof, and not nearer to or within the limits of another
designated Ellenburger 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
containing 640 acres, more or less, consisting of a governmental
section.

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 nearer than 1650 feet
to the outer boundary of the section and no nearer than 330 feet
to any governmental quarter-quarter section line.

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 proration 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 operators offsetting the proration unit 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 Dublin-Ellenburger Gas Pool or in the Ellenburger 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 September 1, 1972.

(2) That a 480-acre non-standard gas proration unit in the Dublin-Ellenburger Gas Pool comprising the S/2, S/2 NE/4 and E/2 NW/4 of Section 12, Township 26 South, Range 37 East, Eddy County, New Mexico, is hereby established and dedicated to The Petroleum Corporation's Tenneco Federal Well No. 1, located in Unit N of said Section 12.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Dublin-Ellenburger Gas Pool, at which time the operators in the subject pool may appear and show cause why the Dublin-Ellenburger Gas Pool should not be developed on 320-acre spacing units.

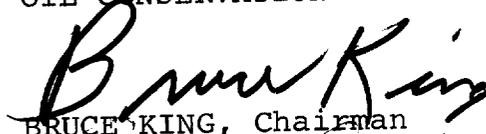
(4) That the first operator to obtain a pipeline connection for a well in the Dublin-Ellenburger Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year herein-
above 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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