

Entered April 26, 1973
A.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. 4894
Order No. R-4512

APPLICATION OF FELMONT OIL CORPORATION
FOR A DUAL COMPLETION, CONTRACTION OF
VERTICAL LIMITS, CREATION OF A NEW
POOL, AND SPECIAL POOL RULES, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 17, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 26th day of April, 1973, 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 pursuant to the provisions of Order No. R-4310, dated May 24, 1972, the applicant, Felmont Oil Corporation, drilled and completed its Aaron Unit Well No. 1 at an unorthodox location 990 feet from the South line and 1650 feet from the West line of Section 11, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, said well being assigned an acreage factor for proration purposes of 0.78 due to its unorthodox location.

(3) That the applicant in completing said well encountered and perforated two productive zones of porosity and permeability, one being from approximately 8894 feet to 8914 feet and the other being from approximately 8966 feet to 8980 feet.

(4) That both of said zones are in the Morrow interval of the Pennsylvanian formation, and both are presently included within the vertical limits of the Atoka Pennsylvanian Gas Pool.

(5) That the applicant seeks the contraction of the vertical limits of said Atoka-Pennsylvanian Gas Pool underlying Section 11, Township 18 South, Range 26 East, NMPPM, only, to include only the Lower Pennsylvanian formation and the concurrent creation of a new gas pool underlying said Section 11,

-2-

Case No. 4894
Order No. R-4512

the vertical limits of which would comprise only the Upper Pennsylvanian formation; applicant further seeks approval for the dual completion of the above-described Aaron Unit Well No. 1 to permit the production of gas from each of the proposed new pools through tubing and the casing-tubing annulus, with separation of the zones achieved by means of a packer set at approximately 8931 feet.

(6) That the Atoka-Pennsylvanian Gas Pool is in fact a Morrow gas pool, inasmuch as all wells in said pool appear to be completed in the Morrow zone of the Pennsylvanian formation.

(7) That it is characteristic of the Morrow zone of the Pennsylvanian formation to be composed of numerous separate sand stringers, or zones of porosity and permeability, which may or may not be continuous from one well to another, and which are often erratic in nature and are often of limited geographic extent in any given area.

(8) That each of the zones of porosity and permeability present in and capable of producing from applicant's Aaron Unit Well No. 1 is present in and capable of producing from other wells in the Atoka-Pennsylvanian Gas Pool.

(9) That to vertically separate the Atoka-Pennsylvanian Gas Pool into separate pools for the various stringers of porosity and permeability, even in areas of limited extent, would create offset obligations which would require the drilling of numerous additional wells or the dual completion of numerous wells, both of which are unnecessary under the present definition of the pool.

(10) That in order to prevent waste and protect correlative rights, to avoid the economic loss caused by the drilling of unnecessary wells, and to avoid the augmentation of risk arising from the drilling of excessive wells, the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Felmont Oil Corporation in the subject case is hereby denied.

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

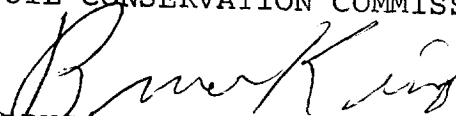
-3-

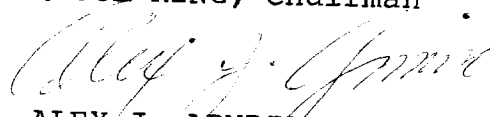
Case No. 4894

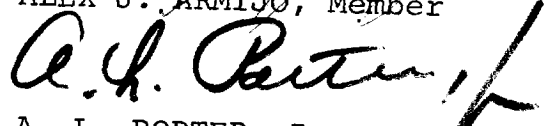
Order No. R-4512

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

S E A L

dr/