

Entered April 1, 1975

*R.S.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. 5443  
Order No. R-4994

NOMENCLATURE

APPLICATION OF SUN OIL COMPANY FOR  
POOL CREATION AND SPECIAL POOL  
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of April, 1975, 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, Sun Oil Company, seeks the creation of a new oil pool for Bone Spring production in Lea County, New Mexico, and the promulgation of temporary special rules and regulations governing said pool, including provisions for 160-acre spacing and proration units.
- (3) That the applicant further seeks to have such temporary special pool rules apply to its Jennings-Federal Well No. 1 located in Unit F of Section 15, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.
- (4) That Sun Oil Company's Jennings-Federal Well No. 1 has discovered a separate and common source of supply which should be designated the Bone Spring Oil Pool, that the vertical limits of said pool should be the Bone Spring formation and that the horizontal limits of said pool should be the NW/4 of said Section 15.
- (5) That the evidence presently available indicates that one well in the Bone Spring Oil Pool can efficiently and economically drain and develop 160 acres.

(6) 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 should be promulgated for the Bone Spring Oil Pool.

(7) 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.

(8) That the temporary special rules and regulations for the Bone Spring Oil Pool should apply only to wells located within the horizontal limits of said pool.

(9) That this case should be reopened at an examiner hearing during the month of April, 1976, at which time operators in the Bone Spring Oil Pool should appear and show cause why said pool should not be developed on 40-acre spacing.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production, is hereby created and designated as the Bone Spring Oil Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 15: NW/4

(2) That, effective April 15, 1975, Temporary Special Rules and Regulations for the Bone Spring Oil Pool, Lea County, New Mexico, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS  
FOR THE  
BONE SPRING OIL POOL

RULE 1. Each well completed or recompleted in the Bone Spring Oil Pool or in the Bone Spring formation within one mile thereof, and not nearer to or within the limits of another designated Bone Spring 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 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 no nearer than 660 feet to the outer boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line nor nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

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 for 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 depth bracket allowable of 515 barrels subject to the market demand percentage factor, 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 the Bone Spring Oil 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 April 30, 1975.

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(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 Bone Spring Oil Pool shall have dedicated thereto 160 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 160 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. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Bone Spring Oil Pool shall receive no more than one-fourth of a standard allowable for the pool.

(3) That this cause shall be reopened at an examiner hearing during the month of April, 1976, at which time the operators in the Bone Spring Oil Pool may appear and show cause why said pool should not be developed on less than 160-acre spacing.

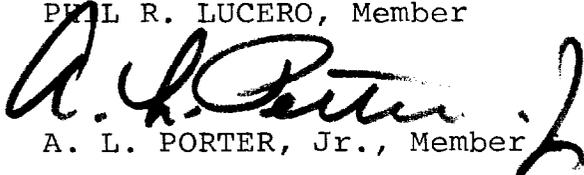
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. W. TRUJILLO, Chairman

  
PHIL R. LUCERO, Member

  
A. L. PORTER, Jr., Member Secretary

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