

Entered January 17, 1978
JDR

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. 6114
Order No. R-5621

APPLICATION OF TEXAS OIL & GAS
CORPORATION FOR SPECIAL POOL RULES
OR A SPACING EXCEPTION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 4, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of January, 1978, 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 herein, Texas Oil & Gas Corporation, proposes to drill a Pennsylvanian gas test well in the NE/4 of Section 33, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, dedicating thereto the E/2 of said Section 33.
- (3) That said well would be located within one mile of the outer boundary of the Shugart-Pennsylvanian Gas Pool, and would therefore be subject to the Commission rules applicable to said pool.
- (4) That said Shugart-Pennsylvanian Gas Pool was created and designated by the Commission by Order No. R-1179, effective June 1, 1958.
- (5) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, "...a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

-2-

Case No. 6114
Order No. R-5621

(6) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Shugart-Pennsylvanian Gas Pool in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(7) That the operator of all wells currently producing from said Shugart-Pennsylvanian Gas Pool appeared and objected to the promulgation of 320-acre spacing rules for said pool, but waived objection to limiting the application of the present 160-acre spacing rules to wells located within the boundaries of said pool as they now exist.

(8) That such limitation of the application of the pool rules would preserve the integrity of the current acreage dedication pattern for the existing wells in the Shugart-Pennsylvanian Gas Pool, and would also allow the applicant to develop its acreage outside the boundaries of said pool in accordance with the present rules applicable to Pennsylvanian gas wells in Southeast New Mexico.

(9) That limitation of the application of the present 160-acre spacing rules to wells located within the boundaries of the Shugart-Pennsylvanian Gas Pool as they now exist will not cause waste nor impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the 160-acre spacing rules applicable to the Shugart-Pennsylvanian Gas Pool shall be effective only insofar as they apply to the following described lands in Eddy County, New Mexico:

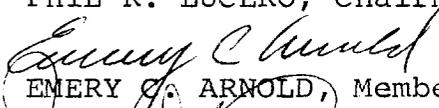
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 26: S/2
Section 27: E/2
Section 34: NE/4

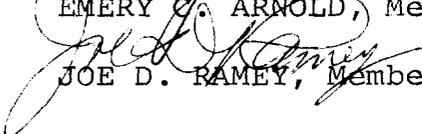
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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