

Entered November 14, 1978

JSR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6357  
Order No. R-5853  
NOMENCLATURE

APPLICATION OF ENSERCH EXPLORATION, INC.  
FOR POOL CREATION AND SPECIAL POOL RULES,  
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14<sup>th</sup> day of November, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Enserch Exploration, Inc., has recently completed its Lambirth Well No. 4, located in Unit O of Section 31, Township 5 South, Range 33 East, NMPM, Roosevelt County, New Mexico, as an oil well producing from the Pennsylvanian formation, and seeks the creation of a new oil pool for Pennsylvanian production therefor and the promulgation of special rules for said pool including a provision for 80-acre spacing and proration units.
- (3) That said Lambirth Well No. 4 is located approximately 3/4 mile east of the Phillips Petroleum Company Goldston A Well No. 2, which is situate in Unit P of Section 36, Township 5 South, Range 32 East, NMPM, and which is the discovery well for the already created and defined South Peterson-Pennsylvanian Pool.
- (4) That the evidence presently available indicates that applicant's Lambirth Well No. 4 is producing from the same

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common source of supply that the aforesaid Goldston A Well No. 2 produced from prior to its abandonment, and that the South Peterson-Pennsylvanian Pool should be extended to include said Lambirth Well No. 4 rather than create a new pool therefor.

(5) That the evidence presently available indicates that said South Peterson-Pennsylvanian Pool should be placed on 80-acre spacing, at least temporarily.

(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 80-acre spacing units should be promulgated for the South Peterson-Pennsylvanian 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 should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in November, 1979, at which time the operators in the subject pool should be prepared to appear and show cause why the South Peterson-Pennsylvanian Pool should not be developed on 40-acre spacing units.

(10) That the horizontal limits of the South Peterson-Pennsylvanian Pool should be extended to include the S/2 SW/4 and the SW/4 SE/4 of Section 31, Township 5 South, Range 33 East, NMPM, Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED:

(1) That the South Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM  
Section 31: S/2 SW/4 and SW/4 SE/4

(2) That temporary Special Rules and Regulations for the South Peterson-Pennsylvanian Pool, Roosevelt County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
SOUTH PETERSON-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the South Peterson-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian 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 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Director of the Division 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 comprising a governmental quarter-quarter section or lot, 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 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 Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The 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 registered or certified mail, and the application shall state that such notice has been furnished. The 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 Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre depth bracket allowable up to 267 barrels of oil per day, subject to the market demand percentage factor, and in the event there is more than one well on an 80-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 80 acres.

IT IS FURTHER ORDERED:

(3) That the locations of all wells presently drilling to or completed in the South Peterson-Pennsylvanian Pool or in the Pennsylvanian 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 Division in writing of the name and location of the well on or before December 1, 1978.

(4) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, existing wells in the South Peterson-Pennsylvanian Pool shall have dedicated thereto 80 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 Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division 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 South Peterson-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(5) That this case shall be reopened at an examiner hearing in November, 1979, at which time the operators in the subject pool may appear and show cause why the South Peterson-Pennsylvanian Pool should not be developed on 40-acre spacing units.

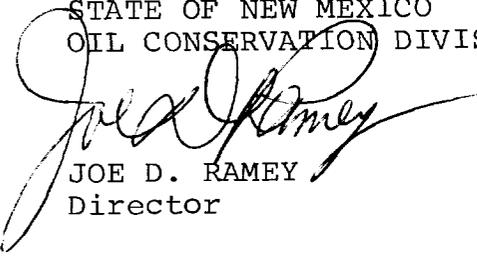
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(6) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JOE D. RAMEY  
Director

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