

Entered September 24, 1979

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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. 6648  
Order No. R-6124

APPLICATION OF MORRIS R. ANTWEIL FOR  
POOL CREATION AND SPECIAL POOL RULES,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 5, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 24th day of September, 1979, 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, Morris R. Antweil, seeks the creation of a new Mississippian oil pool for its Landlady Well No. 1 located in Unit B of Section 8, Township 12 South, Range 32 East, and special rules therefor, including 160-acre oil well spacing and a 4,000 to 1 gas-oil ratio.

(3) That prior to the date of this hearing, the Division had on its own motion created the North Caprock-Mississippian Pool as a result of the completion of said Landlady Well No. 1.

(4) That the application for pool creation should be dismissed.

(5) 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 North Caprock-Mississippian Pool as previously defined and described.

(6) 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.

(7) That the temporary special rules and regulations should provide for a gas-oil ratio limitation of 4000 cubic feet of gas per barrel of oil produced.

(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 the applicant should provide the supervisor of the Division's district office at Hobbs with available production, testing, or offset well data within six months following the date of this order sufficient to show that the 4000 to 1 gas-oil ratio limitation is or is not resulting in efficient production from the reservoir.

(10) That unless called earlier upon the motion of the Division, this case should be reopened at an examiner hearing in October, 1980, at which time the operators in the subject pool should be prepared to appear and show cause why the North Caprock-Mississippian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That temporary Special Rules and Regulations for the North Caprock-Mississippian Pool, Lea County, New Mexico, as previously defined and described, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
NORTH CAPROCK-MISSISSIPPIAN POOL

RULE 1. Each well completed or recompleted in the North Caprock-Mississippian Pool or in the Mississippian formation within one mile thereof, and not nearer to or within the limits of another designated Mississippian 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, consisting 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 Division Director 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 Division 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. Top unit allowable for a standard proration unit (158 through 162 acres) shall be based on a depth bracket allowable of 650 barrels per day, 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.

RULE 7. The gas-oil ratio limitation for wells in the North Caprock-Mississippian Pool shall be 4000 cubic feet of gas per barrel of oil.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Caprock-Mississippian Pool or in the Mississippian 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, 1979.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, existing wells in the North Caprock-Mississippian Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, 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 160 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 North Caprock-Mississippian Pool or in the Mississippian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That within six months after the date of this order the applicant shall provide the supervisor of the Division's district office at Hobbs with available production, testing, or offset well data sufficient to show that the 4000 to 1 gas-oil ratio limitation is or is not resulting in efficient production from the reservoir.

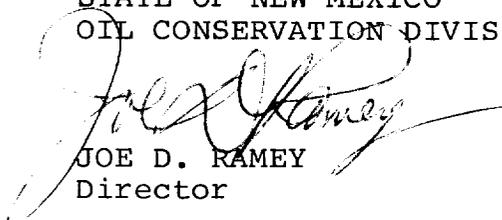
(4) That unless called earlier upon the motion of the Division, this case shall be reopened at an examiner hearing in October, 1980, at which time the operators in the subject pool should be prepared to appear and show cause why the North Caprock-Mississippian Pool should not be developed on 40-acre spacing units.

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(5) 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 hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JOE D. RAMEY  
Director

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