

Entered September 30, 1981
JLR

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. 7306
Order No. R-6769

APPLICATION OF GETTY OIL COMPANY
FOR POOL CREATION, SPECIAL POOL
RULES AND A NON-STANDARD GAS
PRORATION UNIT, LEA COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 15, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of September, 1981, 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, Getty Oil Company, seeks the creation of a new gas pool for Lower Pennsylvanian production in Lea County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That the Federal 33 Well No. 1 located in Unit G of Section 33, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, having its top perforations at 15,999 feet, has discovered a separate common source of supply which should be designated the Madera Lower Penn Gas Pool; that the vertical limits of said pool should be the Atoka and Morrow zones of the Pennsylvanian formation and that the horizontal limits of said pool should be all of Sections 33 and 34, Township 26 South, Range 33 East, NMPM.

(4) 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 640-acre spacing units should be promulgated for the Madera-Lower Penn Gas Pool.

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(5) 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.

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Madera-Lower Penn Gas Pool, at which time the operators in the subject pool should appear and show cause why the Madera-Lower Penn Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Madera-Lower Penn Gas Pool should notify the Division in writing of such fact, and that the Division should thereupon reopen this case.

(9) That the applicant further seeks approval of a 616.24 acre non-standard gas proration unit comprising all of Sections 33 and 34, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, to be dedicated to its Federal 33 Well No. 1, located in Unit G of said Section 33.

(10) That the need for such non-standard unit arises from the existance of "short" sections along the New Mexico-Texas state line.

(11) That said non-standard gas proration unit, being 616.24 acres in area, approximates the size of the 640-acre units to be approved by this order, and should be approved.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Lower Pennsylvanian production, is hereby created and designated the Madera-Lower Penn Gas Pool, with vertical limits comprising the Atoka and Morrow zones of the Pennsylvanian formation and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO
TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM
Section 33: All
Section 34: All

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(2) That temporary Special Rules and Regulations for the Madera-Lower Penn Gas Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
MADERA-LOWER PENN GAS POOL

RULE 1. Each well completed or recompleted in the Madera-Lower Penn Gas Pool or in the Lower Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations herein-after set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

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 and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

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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 proration 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 operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Madera-Lower Penn Gas Pool or in the Morrow 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 October 15, 1981.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA, 1978, existing wells in the Madera-Lower Penn Gas Pool shall have dedicated thereto 640 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 640 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 Madera-Lower Penn Gas Pool or in the Lower Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Madera-Lower Penn Gas Pool, at which time the operators in the subject pool may appear and show cause why the Madera-Lower Penn Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Madera-Lower Penn Gas Pool shall notify the Division in writing of such fact, and that the Division will thereupon designate an exact date for reopening this case.

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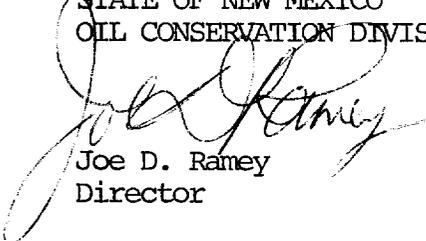
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(5) That a 616.24 acre non-standard gas proration unit, comprising all of Sections 33 and 34, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby approved, to be dedicated to the Getty Oil Company Federal 33 Well No. 1, located in Unit G of said Section 33.

(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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
Director

S E A L

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 7306 Reopened
Order No. R-6769-A

IN THE MATTER OF CASE NO. 7306
BEING REOPENED PURSUANT TO THE
PROVISIONS OF ORDER NO. R-6769,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of November, 1982, 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 by Order No. R-6769, entered in Case No. 7306 on September 30, 1981, the Division created the Madera-Lower Penn Gas Pool, promulgated temporary Special Pool Rules therefore including a provision for 640-acre spacing, and established a 616.24-acre non-standard gas spacing and proration unit comprising all of Partial Sections 33 and 34, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, to be dedicated to the discovery well for said pool, the Getty Oil Company Federal 33 Well No. 1, located in Unit G of said Section 33.
- (3) That said order also provided that Case No. 7306 be reopened one year after date of first pipeline connection to a well in said pool to permit any interested party to appear and show cause why said pool should not be developed on 320-acre spacing.
- (4) That no evidence was presented at the reopening of Case No. 7306 to justify the continuance of the 640-acre spacing and proration provisions of Order No. R-6769, and the spacing for said pool should revert to 320-acre spacing for future development.
- (5) That to avoid the creation of possible inequities resulting from abolishment of the previously approved