

( 915-664-9077 )

April 14, 2003 (3:00 PM)

- Talked w/ Bill Huck concerning inadequate notice to the Interest in the SW/4 of Sec. 21 for the Fort "21" #1 appl. He ~~will~~ The 1/2 of Sec. 21 is common; he will research and address this issue by an fax.
- Will also re-apply for the Overland #1 appl. filed earlier and dismissed. (

April 16, 2003

- Talked w/ Bill Huck again about notice deficiency for the Fort "21" #1 appl.

April 17, 2003

- voice mail from Bill Huck to say that a fax had been sent for the Fort 21 #1 appl. and asking if I had reviewed the re-submitted Overland #1 appl. (over)

- Bell Truck made a follow up call to  
this earlier ~~date~~ some small message.



96586

Standard 320-acre Gas (104.)

County Lea

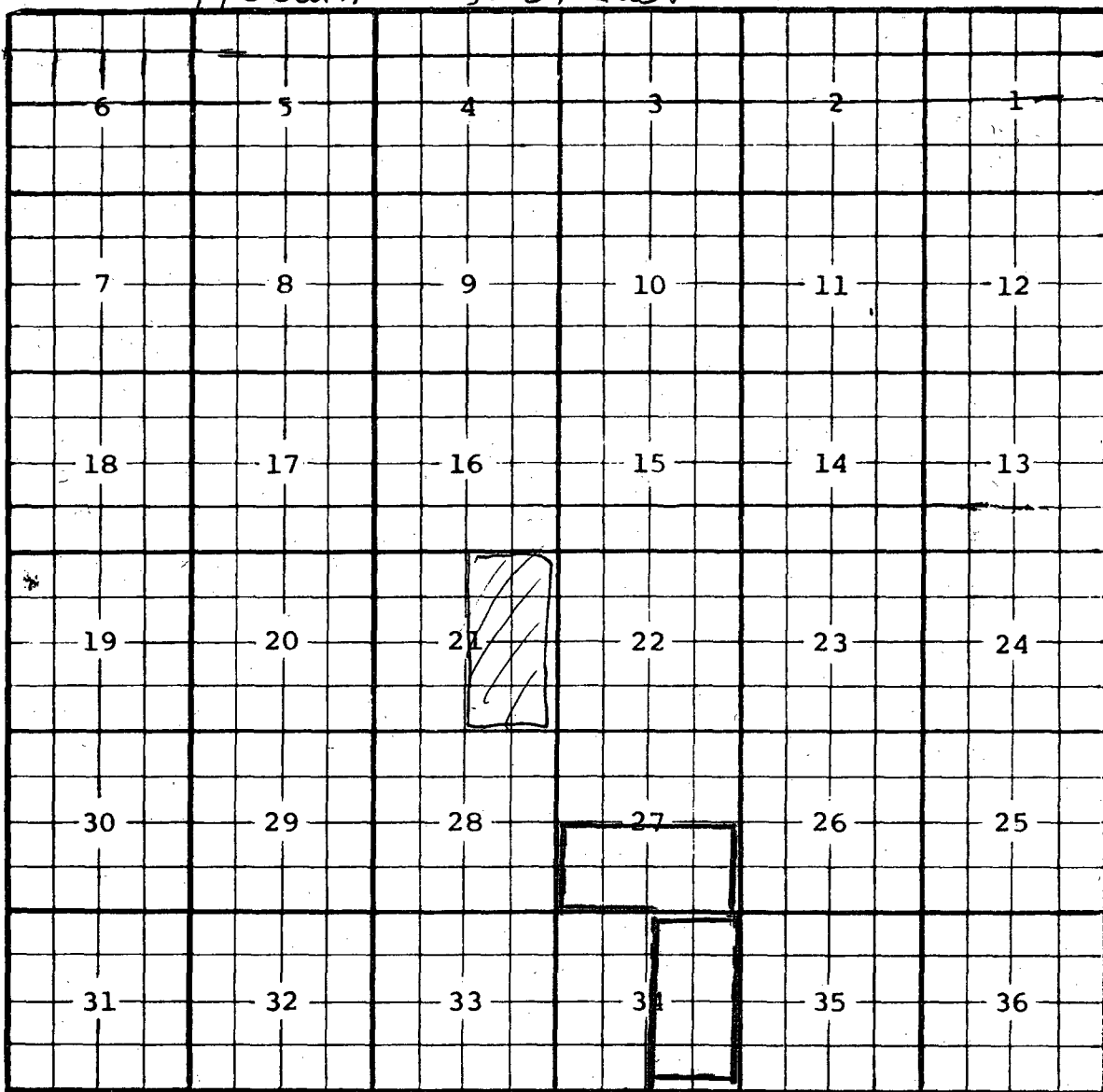
Pool Tres Papalotes - Atoka Gas

TOWNSHIP

14 South

Range 34 East

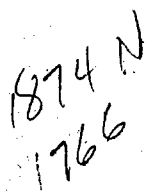
NMPM



Description:  $\frac{E}{2}$  Sec. 34 (R-10776, 2-28-97) Ext:  $\frac{S}{2}$  Sec. 27 (R-11183, 5-19-99)

Pool East Saunders - Permo Pennsylvanian

NEW MEXICO PRINCIPAL MERIDIAN



Ext: NE/4 Sec. 16 (A-11243, 9-15-99)

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. 2678  
Order No. R-2359

APPLICATION OF KERN COUNTY LAND COMPANY  
FOR AN ORDER ESTABLISHING SPECIAL RULES  
AND REGULATIONS FOR THE EAST SAUNDERS  
PERMO-PENNSYLVANIAN POOL, LEA COUNTY,  
NEW MEXICO.

*also see*  
*R-2359-A*  
*R-2359-B*

ORDER OF THE COMMISSION

BY THE COMMISSION:

*R-2359-C*

This cause came on for hearing at 9 o'clock a.m. on October 24, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 6th day of November, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Kern County Land Company, is the owner and operator of wells in the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico.
- (3) That the applicant seeks establishment of special rules and regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, including provisions for 160-acre drilling and proration units.
- (4) That the evidence indicates that the East Saunders Permo-Pennsylvanian Pool can presently be efficiently and economically drained on 160-acre proration units.
- (5) That the evidence concerning the reservoir characteristics of the East Saunders Permo-Pennsylvanian Pool justifies the establishment of 160-acre proration units in said pool for a temporary one-year period.

(6) That during the one-year period in which this order will be in effect, the 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 in October, 1963, at which time the operators in the subject pool should be prepared to appear and show by a preponderance of the evidence why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
EAST SAUNDERS PERMO-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the East Saunders Permo-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the East Saunders Permo-Pennsylvanian Pool, and not nearer to or within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the East Saunders Permo-Pennsylvanian Pool shall be located on a standard proration unit containing 158 through 162 acres substantially in the form of a square, which is a governmental quarter section.

RULE 3. Each well completed or recompleted in said pool shall be located within 150 feet of the center of either the northeast quarter or the southwest quarter of the governmental quarter section on which the well is located.

RULE 4. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application is filed in due form and the non-standard unit comprises 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 of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the East Saunders Permo-Pennsylvanian Pool as the acreage in such non-standard unit bears to 160 acres.

RULE 5. A standard proration unit in the East Saunders Permo-Pennsylvanian Pool shall be assigned a 160-acre proportional factor of 7.67 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 in any proportion.

(2) That this case shall be reopened at an examiner hearing in October, 1963, at which time the operators in the subject pool may appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(3) 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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

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. 2678  
Order No. R-2359-A

APPLICATION OF KERN COUNTY LAND COMPANY  
FOR AN ORDER ESTABLISHING SPECIAL RULES  
AND REGULATIONS FOR THE EAST SAUNDERS  
PERMO-PENNSYLVANIAN POOL, LEA COUNTY,  
NEW MEXICO.

*Also See*  
*R-2359*  
*R-2359-B*  
*R-2359-C*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 30, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of November, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 Order No. R-2359 dated November 6, 1962, promulgated Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool establishing temporary 160-acre proration units in said pool.

(3) That this case was reopened pursuant to the provisions of Order No. R-2359 to permit the applicant and all interested parties to appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(4) That the temporary Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool promulgated by Order No. R-2359 should be continued in effect for an additional one-year period in order to allow the operators in the subject pool sufficient time to gather additional information concerning the reservoir characteristics of the pool.



CASE No. 2678  
Order No. R-2359-A

(5) That this case should be reopened at an examiner hearing in October, 1964, at which time the applicant and all interested parties should appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool promulgated by Order No. R-2359 shall be continued in full force and effect until further order of the Commission.

(2) That this case shall be reopened at an examiner hearing in October, 1964, at which time the applicant and all interested parties may appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(3) 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

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

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. 2678  
Order No. R-2359-B

APPLICATION OF KERN COUNTY LAND COMPANY  
FOR AN ORDER ESTABLISHING SPECIAL RULES  
AND REGULATIONS FOR THE EAST SAUNDERS  
PERMO-PENNSYLVANIAN POOL, LEA COUNTY,  
NEW MEXICO.

*Also See*  
*R-2359*  
*R-2359-A*  
*R-2359-C*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 28, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of November, 1964, 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 by Order No. R-2359, dated November 6, 1962, temporary Special Rules and Regulations were promulgated for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico.

(3) That by Order No. R-2359-A, dated November 13, 1963, said temporary Special Rules and Regulations were continued in full force and effect for an additional one-year period.

(4) That pursuant to the provisions of Order No. R-2359-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

CASE No. 2678

Order No. R-2359-B

(5) That the evidence establishes that one well in the East Saunders Permo-Pennsylvanian Pool can efficiently and economically drain and develop 160 acres.

(6) That the Special Rules and Regulations promulgated by Order No. R-2359 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(7) That 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, the Special Rules and Regulations promulgated by Order No. R-2359 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the East Saunders Permo-Pennsylvanian Pool promulgated by Order No. R-2359 are hereby continued in full force and effect until further order of the Commission.

(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

  
JACK M. CAMPBELL, Chairman

  
E. S. WALKER, Member

  
A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

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. 7857  
Order No. R-2359-C

APPLICATION OF CLEMENTS ENERGY COMPANY  
FOR AN AMENDMENT TO ORDER NO. R-2359,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 25, 1983,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of July, 1983, 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, Clements Energy Company, seeks an  
amendment to Division Order No. R-2359 deleting the requirement  
that wells be located in the NE/4 or SW/4 of any governmental  
quarter section in the East Saunders-Permo Pennsylvanian Pool  
so that all wells may be drilled 150 feet from the center of  
any quarter-quarter section.

(3) That the applicant further seeks the promulgation of  
an administrative procedure for the approval of unorthodox well  
locations.

(4) That the East Saunders-Permo Pennsylvanian Pool joins  
the Cerca-Upper Pennsylvanian Pool at a common boundary to the  
North and joins the West Tres Papalotes-Pennsylvanian Pool at a  
common boundary to the South.

(5) That wells in all three of said pools produce from  
various intervals within the same geologic horizon.

*See Also*  
R-2359  
R-2359-A  
R-2359-B

(6) That the special pool rules applicable to said three pools are essentially identical except in the matter of well locations and administrative approval of unorthodox locations.

(7) That while each of said pools is on 160-acre spacing, wells in the Cerca and West Tres Papalotes Pools may be located within 150 feet of the center of any quarter-quarter section while wells in the East Saunders must be so located only within the NE/4 or SW/4 of the quarter section.

(8) The special pool rules provide for an administrative procedure for approval of unorthodox well locations in the Cerca and West Tres Papalotes Pools but not in the East Saunders Pool.

(9) That the applicant seeks the amendment of the special rules for the East Saunders Pool to bring them into conformance with the rules for those pools adjoining it to the North and South (Cerca, West Tres Papalotes) in the matter of standard well locations and administrative approval of unorthodox locations.

(10) That the East Saunders Pool is an older pool with the latest producing well having been completed in February, 1966.

(11) That the proposed change in pool rules should permit operators to select and drill at the most geologically advantageous sites along the margins of this old pool, thereby increasing the chances of completing a successful well.

(12) That completion of additional producing wells in this pool should increase the recovery from the pool, thereby preventing waste, and should give owners the opportunity to produce the reserves under their currently undrilled acreage, thereby protecting correlative rights.

(13) That the operator of and other interested parties in one well in the East Saunders Pool objected to the proposed changes in the special pool rules.

(14) That the basis of this objection was that the proposed change would allow another operator in the pool to drill more closely to their existing producing well thereby injuring their correlative rights.

(15) That the evidence presented did not support findings that the proposed change in pool rules and the drilling of a new well "closer" to the protestants' well would result in drainage of oil off the protestants' acreage toward such new well.

(16) That in the absence of such evidence, violation of correlative rights resulting from adopting the proposed special rule changes cannot be found.

(17) That the application should be approved by amending the Special Pool Rules for the East Saunders-Permo Pennsylvanian Pool as follows:

(a) Rule 3 should be amended to read in its entirety as follows:

"Rule 3. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot";

(b) Rule 4 should be renumbered Rule 5 and the phrase "Secretary Director of the Commission" in the first and last sentences should be amended to read "Division Director";

(c) Rule 5 should be renumbered Rule 6; and,

(d) a new Rule 4 should be adopted to read in its entirety as follows:

"RULE 4. The Division Director may grant an exception to the requirements of Rule 3 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."

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the East Saunders-Permo Pennsylvanian Pool promulgated by Division Order No. R-2359, as amended, are hereby amended as follows:

(a) Rule 3 is amended to read in its entirety as follows:

"RULE 3. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.";

(b) Rule 4 is renumbered Rule 5 and the phrase "Secretary Director of the Commission" contained in the first and last sentences of the rule is amended to read "Division Director";

(c) Rule 5 is renumbered Rule 6; and

(d) a new Rule 4 is adopted to read in its entirety as follows:

RULE 4. The Division Director may grant an exception to the requirements of Rule 3 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.

(2) That the effective date of this order and of the changes to the special pool rules contained herein shall be July 1, 1983.

(3) 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

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. 2678  
Order No. R-2359

APPLICATION OF KERN COUNTY LAND COMPANY  
FOR AN ORDER ESTABLISHING SPECIAL RULES  
AND REGULATIONS FOR THE EAST SAUNDERS  
PERMO-PENNSYLVANIAN POOL, LEA COUNTY,  
NEW MEXICO.

*also see*  
*R-2359-A*  
*R-2359-B*  
*R-2359-C*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 24, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 6th day of November, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Kern County Land Company, is the owner and operator of wells in the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico.
- (3) That the applicant seeks establishment of special rules and regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, including provisions for 160-acre drilling and proration units.
- (4) That the evidence indicates that the East Saunders Permo-Pennsylvanian Pool can presently be efficiently and economically drained on 160-acre proration units.
- (5) That the evidence concerning the reservoir characteristics of the East Saunders Permo-Pennsylvanian Pool justifies the establishment of 160-acre proration units in said pool for a temporary one-year period.



(6) That during the one-year period in which this order will be in effect, the 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 in October, 1963, at which time the operators in the subject pool should be prepared to appear and show by a preponderance of the evidence why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
EAST SAUNDERS PERMO-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the East Saunders Permo-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the East Saunders Permo-Pennsylvanian Pool, and not nearer to or within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the East Saunders Permo-Pennsylvanian Pool shall be located on a standard proration unit containing 158 through 162 acres substantially in the form of a square, which is a governmental quarter section.

RULE 3. Each well completed or recompleted in said pool shall be located within 150 feet of the center of either the northeast quarter or the southwest quarter of the governmental quarter section on which the well is located.

RULE 4. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application is filed in due form and the non-standard unit comprises 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 of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the East Saunders Permo-Pennsylvanian Pool as the acreage in such non-standard unit bears to 160 acres.

RULE 5. A standard proration unit in the East Saunders Permo-Pennsylvanian Pool shall be assigned a 160-acre proportional factor of 7.67 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 in any proportion.

(2) That this case shall be reopened at an examiner hearing in October, 1963, at which time the operators in the subject pool may appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(3) 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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

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esr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
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CASE No. 2678  
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APPLICATION OF KERN COUNTY LAND COMPANY  
FOR AN ORDER ESTABLISHING SPECIAL RULES  
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PERMO-PENNSYLVANIAN POOL, LEA COUNTY,  
NEW MEXICO.

*Also See*  
*R-2359*  
*R-2359-B*  
*R-2359-C*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 30, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of November, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 Order No. R-2359 dated November 6, 1962, promulgated Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool establishing temporary 160-acre proration units in said pool.

(3) That this case was reopened pursuant to the provisions of Order No. R-2359 to permit the applicant and all interested parties to appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(4) That the temporary Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool promulgated by Order No. R-2359 should be continued in effect for an additional one-year period in order to allow the operators in the subject pool sufficient time to gather additional information concerning the reservoir characteristics of the pool.

(5) That this case should be reopened at an examiner hearing in October, 1964, at which time the applicant and all interested parties should appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool promulgated by Order No. R-2359 shall be continued in full force and effect until further order of the Commission.

(2) That this case shall be reopened at an examiner hearing in October, 1964, at which time the applicant and all interested parties may appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(3) 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

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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S E A L

BEFORE THE OIL CONSERVATION COMMISSION  
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IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
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CASE No. 2678  
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APPLICATION OF KERN COUNTY LAND COMPANY  
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*Also See*  
R-2359  
R-2359-A  
R-2359-C

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 28, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of November, 1964, 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 by Order No. R-2359, dated November 6, 1962, temporary Special Rules and Regulations were promulgated for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico.

(3) That by Order No. R-2359-A, dated November 13, 1963, said temporary Special Rules and Regulations were continued in full force and effect for an additional one-year period.

(4) That pursuant to the provisions of Order No. R-2359-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(5) That the evidence establishes that one well in the East Saunders Permo-Pennsylvanian Pool can efficiently and economically drain and develop 160 acres.

(6) That the Special Rules and Regulations promulgated by Order No. R-2359 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(7) That 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, the Special Rules and Regulations promulgated by Order No. R-2359 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the East Saunders Permo-Pennsylvanian Pool promulgated by Order No. R-2359 are hereby continued in full force and effect until further order of the Commission.

(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

  
JACK M. CAMPBELL, Chairman

  
E. S. WALKER, Member

  
A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

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. 7857  
Order No. R-2359-C

APPLICATION OF CLEMENTS ENERGY COMPANY  
FOR AN AMENDMENT TO ORDER NO. R-2359,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 25, 1983,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of July, 1983, 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, Clements Energy Company, seeks an  
amendment to Division Order No. R-2359 deleting the requirement  
that wells be located in the NE/4 or SW/4 of any governmental  
quarter section in the East Saunders-Permo Pennsylvanian Pool  
so that all wells may be drilled 150 feet from the center of  
any quarter-quarter section.

(3) That the applicant further seeks the promulgation of  
an administrative procedure for the approval of unorthodox well  
locations.

(4) That the East Saunders-Permo Pennsylvanian Pool joins  
the Cerca-Upper Pennsylvanian Pool at a common boundary to the  
North and joins the West Tres Papalotes-Pennsylvanian Pool at a  
common boundary to the South.

(5) That wells in all three of said pools produce from  
various intervals within the same geologic horizon.

*See Also*  
R-2359  
R-2359-A  
R-2359-B

(6) That the special pool rules applicable to said three pools are essentially identical except in the matter of well locations and administrative approval of unorthodox locations.

(7) That while each of said pools is on 160-acre spacing, wells in the Cerca and West Tres Papalotes Pools may be located within 150 feet of the center of any quarter-quarter section while wells in the East Saunders must be so located only within the NE/4 or SW/4 of the quarter section.

(8) The special pool rules provide for an administrative procedure for approval of unorthodox well locations in the Cerca and West Tres Papalotes Pools but not in the East Saunders Pool.

(9) That the applicant seeks the amendment of the special rules for the East Saunders Pool to bring them into conformance with the rules for those pools adjoining it to the North and South (Cerca, West Tres Papalotes) in the matter of standard well locations and administrative approval of unorthodox locations.

(10) That the East Saunders Pool is an older pool with the latest producing well having been completed in February, 1966.

(11) That the proposed change in pool rules should permit operators to select and drill at the most geologically advantageous sites along the margins of this old pool, thereby increasing the chances of completing a successful well.

(12) That completion of additional producing wells in this pool should increase the recovery from the pool, thereby preventing waste, and should give owners the opportunity to produce the reserves under their currently undrilled acreage, thereby protecting correlative rights.

(13) That the operator of and other interested parties in one well in the East Saunders Pool objected to the proposed changes in the special pool rules.

(14) That the basis of this objection was that the proposed change would allow another operator in the pool to drill more closely to their existing producing well thereby injuring their correlative rights.

(15) That the evidence presented did not support findings that the proposed change in pool rules and the drilling of a new well "closer" to the protestants' well would result in drainage of oil off the protestants' acreage toward such new well.



(16) That in the absence of such evidence, violation of correlative rights resulting from adopting the proposed special rule changes cannot be found.

(17) That the application should be approved by amending the Special Pool Rules for the East Saunders-Permo Pennsylvanian Pool as follows:

(a) Rule 3 should be amended to read in its entirety as follows:

"Rule 3. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot";

(b) Rule 4 should be renumbered Rule 5 and the phrase "Secretary Director of the Commission" in the first and last sentences should be amended to read "Division Director";

(c) Rule 5 should be renumbered Rule 6; and,

(d) a new Rule 4 should be adopted to read in its entirety as follows:

"RULE 4. The Division Director may grant an exception to the requirements of Rule 3 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."

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the East Saunders-Permo Pennsylvanian Pool promulgated by Division Order No. R-2359, as amended, are hereby amended as follows:

(a) Rule 3 is amended to read in its entirety as follows:

"RULE 3. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.";

(b) Rule 4 is renumbered Rule 5 and the phrase "Secretary Director of the Commission" contained in the first and last sentences of the rule is amended to read "Division Director";

(c) Rule 5 is renumbered Rule 6; and

(d) a new Rule 4 is adopted to read in its entirety as follows:

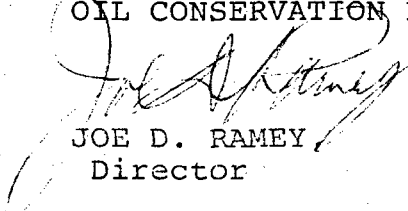
RULE 4. The Division Director may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting 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.

(2) That the effective date of this order and of the changes to the special pool rules contained herein shall be July 1, 1983.

(3) 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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