

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. 4749
Order No. R-4338

NOMENCLATURE

APPLICATION OF HARDING OIL
COMPANY FOR A DISCOVERY
ALLOWABLE AND SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 28, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 17th day of July, 1972, 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, Harding Oil Company, seeks the promulgation of special rules and regulations for the Humble City-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre proration units.
- (3) That the applicant also seeks the assignment of an oil discovery allowable in the amount of approximately 57,100 barrels to the discovery well for said pool.
- (4) That the evidence presently available indicates that the Harding Oil Company E. D. Shipp Well No. 1, located in Unit K of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, discovered a separate common source of supply which has been designated the Humble City-Strawn Pool; that the vertical limits of said pool have been defined as the Strawn formation, and that the horizontal limits of said pool have previously been defined as the SW/4 of said Section 11.

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(5) That the discovery well for the aforesaid pool, E. D. Shipp Well No. 1, located in Unit K of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 57,100 barrels, based upon the top of the perforations in said well at 11,420 feet, to be assigned over a two-year period.

(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 Humble City-Strawn 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 June, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the Humble City-Strawn Pool should not be developed on other than 40-acre spacing units.

(10) That the horizontal limits of the Humble City-Strawn Pool should be extended to include the SE/4 of the above-described Section 11.

IT IS THEREFORE ORDERED:

(1) That the Humble City-Strawn Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 11: SE/4

(2) That the Harding Oil Company E. D. Shipp Well No. 1 located in Unit K of Section 11, Township 17 South, Range 37 East, Humble City-Strawn Pool, Lea County, New Mexico, is hereby authorized an oil discovery allowable of 57,100 barrels to be assigned to said well at the rate of 79 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That temporary Special Rules and Regulations for the Humble City-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
HUMBLE CITY-STRAWN POOL

RULE 1. Each well completed or recompleted in the Humble City-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn 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 Secretary-Director of the Commission 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 Secretary-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 Secretary-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 Secretary-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 Secretary-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 Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, 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:

(1) That the locations of all wells presently drilling to or completed in the Humble City-Strawn Pool or in the Strawn 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 Commission in writing of the name and location of the well on or before August 1, 1972.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Humble City-Strawn 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 Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission 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 Humble City-Strawn Pool or in the Strawn 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 in June, 1973, at which time the operators in the subject pool may appear and show cause why the Humble City-Strawn Pool should not be developed on other than 40-acre spacing units.

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

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CASE NO. 4749

Order No. R-4338

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

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

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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. 4749
Order No. R-4338-A

IN THE MATTER OF CASE NO. 4749 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-4338, WHICH ORDER ESTABLISHED
SPECIAL RULES AND REGULATIONS FOR THE HUMBLE
CITY-STRAWN POOL, LEA COUNTY, NEW MEXICO,
INCLUDING A PROVISION FOR 80-ACRE PRORATION
UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 11, 1973,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of July, 1973, 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-4338, entered in Case No. 4749 on
July 17, 1972, special rules and regulations were promulgated for
the Humble City-Strawn Pool, Lea County, New Mexico.

(3) That this case was reopened pursuant to Order No. R-4338
to allow all interested parties to show cause why the subject pool
should not be developed on other than 40-acre proration units.

(4) That the special rules and regulations promulgated by
Order No. R-4338 should be extended for an additional one year
period in order to prevent the possibility of economic loss
resulting from the drilling of unnecessary wells, and in order to
allow the operators in the subject pool additional time in which
to gather information concerning the reservoir characteristics of
the pool.

Case No. 4749
Order No. R-4338-A

(5) That this case should be reopened at an examiner hearing in July, 1974, at which time the operators in the subject pool should appear and show cause why the Humble City-Strawn Pool should not be developed on other than 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That the special rules and regulations governing the Humble City-Strawn Pool, promulgated by Order No. R-4338, shall remain in full force and effect for an additional period of one year.

(2) That this case shall be reopened at an examiner hearing in July, 1974, at which time the operators in the subject pool shall appear and show cause why the Humble City-Strawn Pool should not be developed on other than 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

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

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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. 4749
Order No. R-4338-B

IN THE MATTER OF CASE NO. 4749 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-4338-A, WHICH ORDER CONTINUED
SPECIAL RULES FOR THE HUMBLE CITY-STRAWN
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 7, 1974,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of October, 1974, 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 sub-
ject matter thereof.

(2) That by Order No. R-4338, dated July 17, 1972,
temporary special rules and regulations were promulgated for
the Humble City-Strawn Pool, Lea County, New Mexico, including
a provision for 80-acre proration units.

(3) That by Order No. R-4338-A, dated July 23, 1973,
said temporary special rules and regulations were continued
in effect for an additional one-year period.

(4) That pursuant to the provisions of Order No. R-4338-A,
this case was reopened to allow the operators in the subject
pool to appear and show cause why the Humble City-Strawn Pool
should not be developed on 40-acre spacing units.

(5) That the evidence establishes that one well in the
Humble City-Strawn Pool can efficiently and economically drain
and develop 80 acres.

(6) That the Special Rules and Regulations promulgated by Order No. R-4338 and Order No. R-4338-A 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 and gas in the pool.

(7) 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, the Special Rules and Regulations promulgated by Order No. R-4338 and Order No. R-4338-A 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 Humble City-Strawn Pool, Lea County, New Mexico, promulgated by Order No. R-4338 and Order No. R-4338-A, are hereby continued in full force and effect until further order of the Commission.

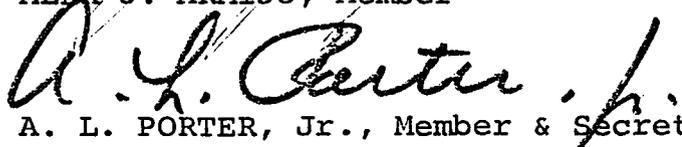
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


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

S E A L

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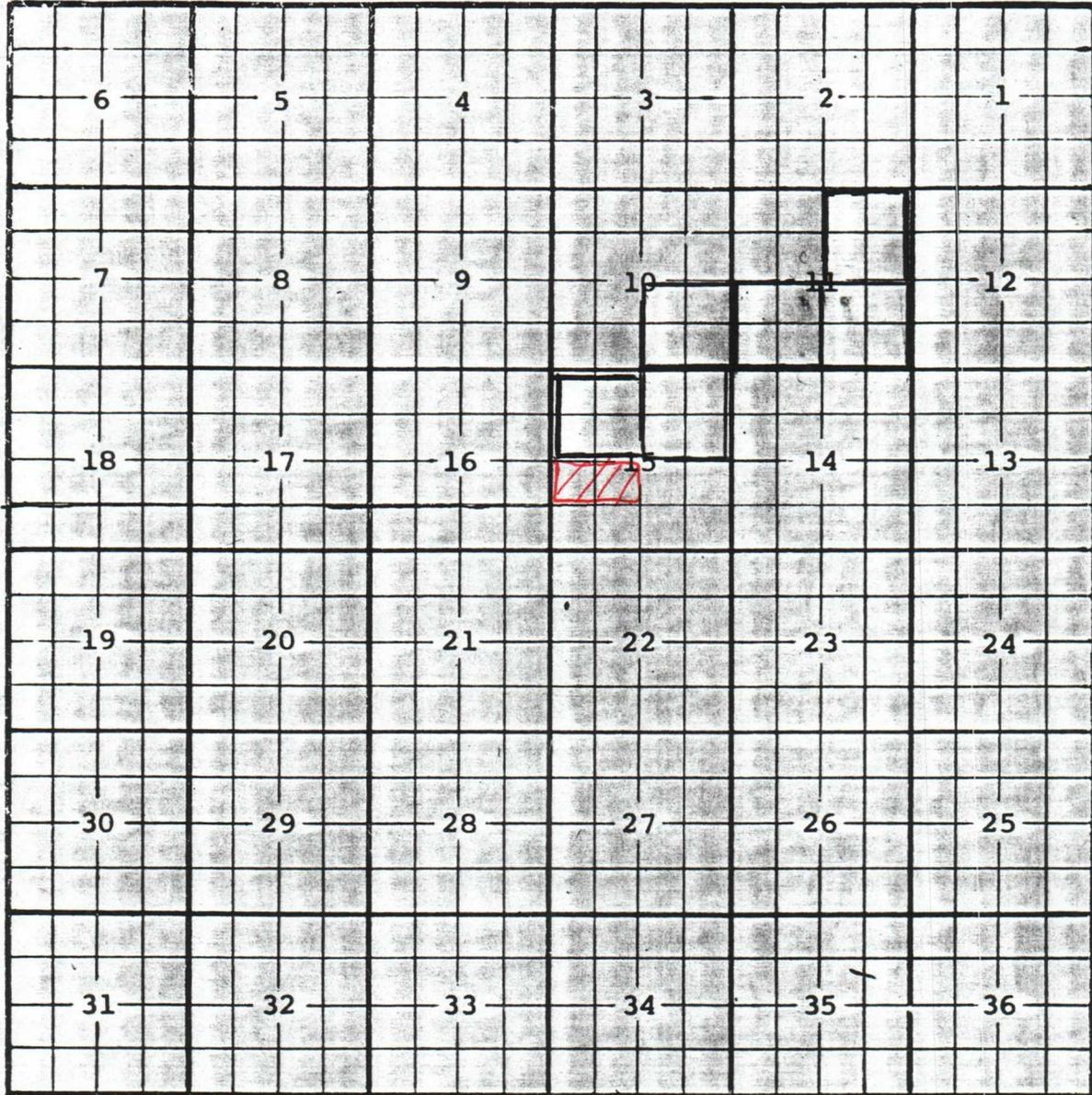
COUNTY *Lea*

POOL *Humble City - Strawn*

TOWNSHIP *17 South*

RANGE *37 East*

NMPM



Description: $\frac{SW}{4}$ Sec. 11 (R-4304, 6-1-72)

Ext: $\frac{SE}{4}$ Sec. 11 (R-4338, 7-17-72) - $\frac{SE}{4}$ Sec. 10 (R-4511, 5-1-73)

Ext: $\frac{NE}{4}$ Sec. 15 (R-4809, 6-18-74) EXT: NE/4 sec 11 (R-8946, 7-1-89)

Ext: $\frac{NW}{4}$ Sec. 15 (R-10556, 3-11-96)

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/18/00 14:57:20
OGOMES -TPJM
PAGE NO: 1

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<p>E 40.00 MH V05510 0000 UPLAND CORPORATIO 04/01/04</p>	<p>F 40.00 MH V05510 0000 UPLAND CORPORATIO 04/01/04</p>	<p>G 40.00 Fee owned A</p>	<p>H 40.00 Fee owned</p>

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/18/00 14:57:26
OGOMES -TPJM
PAGE NO: 2

Sec : 15 Twp : 17S Rng : 37E Section Type : NORMAL

L 40.00 Fee owned	K 40.00 Fee owned	J 40.00 Fee owned	I 40.00 Fee owned A
M 40.00 Fee owned	N 40.00 Fee owned	O 40.00 Fee owned	P 40.00 Fee owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

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(505) 827-5800

June 2, 1986

MEMORANDUM NO. 4-86

TO: ALL OPERATORS AND INTERESTED PARTIES

FROM: R. L. STAMETS, DIRECTOR 

SUBJECT: CLARIFICATION OF ADMINISTRATIVE APPROVAL PROCESSES IN CERTAIN
POOLS WITH SPECIAL RULES

Division Rule 1 provides in part that: "Special rules, regulations and orders have been and will be issued when requested and shall prevail as against General Rules, Regulations and Orders if in conflict therewith. However, whenever these General Rules do not conflict with special rules heretofore or hereafter adopted, these General Rules shall apply."

Over the years, many special pool rules have been written. Many of these contained special rules providing for administrative exceptions to such matters as location requirements or spacing unit size while others did not. One prevailing opinion is that the intent of those special rules without administrative exception provisions was to preclude such exceptions. The counter opinion is that when read with Rule 1, if nothing is said, then the administrative exception provisions in the General Rules shall apply.

Notice is hereby provided that it is henceforth to be Division policy to utilize the administrative exceptions or approval procedures of the General Rules when special pool rules are silent as to such exceptions. This policy will save both the Division and operators the cost of unnecessary hearings.

Any person who is aware of any pool with special rules which should preclude any of the administrative exceptions or approvals provided in the General Rules should notify this office of such situation at the earliest possible date providing the reasoning for precluding administrative exceptions. Thereafter, we would suspend this policy for such pool and schedule a case to modify such special rules to incorporate the necessary prohibitions.

RLS:dp