

*Entered June 10, 1968*  
*CLP*

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. 3786  
Order No. R-3437

APPLICATION OF TEXACO INC.  
FOR 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 5, 1968,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of June, 1968, 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, Texaco Inc., seeks the promulgation  
of special rules and regulations for the North Paduca-Delaware  
Pool, Lea County, New Mexico, including a provision for classi-  
fication of oil and gas wells in said pool, a limiting gas-oil  
ratio of 3,000 to one, and 40-acre spacing for oil wells and  
160 acre-spacing for gas wells.

(3) That the reservoir characteristics of the subject pool  
indicate that the gas area can be efficiently and economically  
drained and developed on 160-acre spacing, and that the oil area  
can be efficiently and economically drained and developed on  
40-acre spacing.

(4) That the reservoir characteristics of the subject pool  
presently available justify the definition of a gas well as a

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well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(5) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons.

(6) That temporary special rules and regulations providing for 160-acre gas well spacing and 40-acre oil well spacing should be promulgated for the subject pool in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(7) That the temporary special rules and regulations should provide for the classification of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons and should provide for the establishment of a gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons in order to afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil or gas, or both, and for this purpose to use his just and equitable share of the reservoir energy.

(8) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

(9) That this case should be reopened in July, 1969, at which time the operators in the subject pool should be required to establish that a gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons will effectively maintain the gas-oil contact in the subject pool, and that the special rules and regulations should be continued in effect.

IT IS THEREFORE ORDERED:

That temporary Special Rules and Regulations for the North Paduca-Delaware Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
NORTH PADUCA-DELAWARE POOL

RULE 1. Each well completed or recompleted in the North Paduca- Delaware Pool or in the Delaware formation within one mile thereof, and not nearer to or within the limits of another designated Delaware pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 2. (b) Each oil well shall be located on a standard unit containing 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 (a) 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 quarter 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 quarter 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

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by registered or certified mail of his intent to form such non-standard unit. The Secretary-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 Secretary-Director has received the application.

RULE 4. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of a quarter-quarter section.

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. The gas-liquid ratio limitation shall be 3,000 cubic feet of gas per barrel of liquid hydrocarbons.

RULE 7. An oil well which has 40 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a 160-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned