

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1308
Order No. R-1069-D

APPLICATION OF SUNRAY MID-CONTINENT
OIL COMPANY FOR AN ORDER EXTENDING
THE HORIZONTAL LIMITS OF THE BISTI-
LOWER GALLUP OIL POOL, IN SAN JUAN
COUNTY, NEW MEXICO, AND TEMPORARILY
ESTABLISHING UNIFORM 80-ACRE WELL
SPACING AND PROMULGATING SPECIAL RULES
AND REGULATIONS FOR SAID POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 18, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and this cause came on for rehearing before the Commission, upon the petition of Sunray Mid-Continent Oil Company et al., at 9 o'clock a.m., on December 18, 1957, at Santa Fe, New Mexico, and this cause came on for rehearing before the Commission, upon the petition of Shell Oil Company, at 9 o'clock a.m., on March 13, 1958, at Santa Fe, New Mexico.

NOW, on this 10th. day of April, 1958, the Commission, a quorum being present, having considered the application, the petitions for rehearings, and the testimony and evidence adduced at both the original hearing and the subsequent rehearings, 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 in light of all the evidence, testimony and arguments presented at the rehearing in the subject case held on March 13, 1958, the Commission reaffirms each and every finding made in Order No. R-1069-B.

(3) That in deciding Case No. 1308, Order No. R-1069-B, the Commission determined that one well would efficiently and economically drain 80 acres in the Bisti-Lower Gallup Oil Pool and that such determination is inherent in finding No. (5) and finding No. (6) of Order No. R-1069-B; and further, that in making such determination the Commission took into consideration the economic loss caused by the drilling of unnecessary wells, the protection of correlative rights, including those

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of royalty owners, the prevention of waste, the avoidance of the augmentation of risks arising from the drilling of an excessive number of wells, and the prevention of reduced recovery which might result from the drilling of too few wells.

(4) That in order to afford each owner in a pool the opportunity to produce his just and equitable share of the oil or gas, or both, in said pool, a well located on a smaller than standard proration unit must be assigned an allowable, in the proportion that the acreage in said non-standard proration unit bears to the acreage in the standard-sized proration unit for the pool as established by the Commission.

(5) That the petition of Shell Oil Company to rescind or revoke Order No. R-1069-B should be denied and that Order No. R-1069-B should be continued in full force and effect until March 1, 1959, at which time said order expires by its own terms.

IT IS THEREFORE ORDERED:

That the petition of Shell Oil Company to rescind or revoke Order No. R-1069-B be and the same is hereby denied, and that Order No. R-1069-B shall remain in full force and effect until March 1, 1959.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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