

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
AN ORDER ESTABLISHING SPECIAL
RULES AND REGULATIONS FOR THE
RATTLESNAKE-PENNSYLVANIAN POOL,
SAN JUAN COUNTY, NEW MEXICO,
AND TO PROVIDE FOR 80-ACRE
PRORATION UNITS

CAUSE NO. 2342

A P P L I C A T I O N

COMES NOW, CONTINENTAL OIL COMPANY, a Delaware corporation, before the Oil Conservation Commission of the State of New Mexico and hereby applies for an Order establishing special rules and regulations for the Rattlesnake-Pennsylvanian Pool in San Juan County, New Mexico, and for an Order to provide for 80-acre proration units, and in support of its application states:

1. That Continental Oil Company is a Delaware corporation authorized to do and doing business in the State of New Mexico.

2. That by Order No. R-13 of the Oil Conservation Commission dated March 15, 1950, the Rattlesnake-Pennsylvanian Pool was established in San Juan County, New Mexico, covering the following described lands:

Township 29 North, Range 19 West

Section 1: All
Section 2: All
Section 11: E $\frac{1}{2}$
Section 12: All
Section 13: All

Township 30 North, Range 19 West

Section 35: S $\frac{1}{2}$
Section 36: SW $\frac{1}{4}$

Continental Oil Company
11/2 8/61
[Signature]

3. That Applicant is the owner of certain oil and gas leasehold interests in the above described pool which is set forth on a plat of the area marked Exhibit "A", attached hereto and by this reference made a part hereof. Although there have been numerous wells drilled to shallow formations on the above described land, Exhibit "A" only indicates those wells which have penetrated the formations of the Pennsylvanian Age.

4. That the Rattlesnake-Pennsylvanian oil pool contains four formations of the Pennsylvanian Age--the Hermosa, Upper Paradox, Middle Paradox and Lower Paradox. The Lower Paradox is the oil-producing formation. Outside of two shut-in gas wells, 1 and 1G, located in Section 13, Township 29 North, Range 19 West, there have been four oil wells drilled to the Lower Paradox formation. These wells are as follows:

Rattlesnake Well No. 17, which is located in the E $\frac{1}{2}$ of the E $\frac{1}{2}$, Section 2, Township 29 North, Range 19 West, was completed on June 19, 1929, and with a flow of 760 BOPD and 1300 BWPD. This well encountered the Lower Paradox sands between the depths of 6682' and 6880'. This well is presently plugged and abandoned.

Rattlesnake Well No. 100 located in the NE $\frac{1}{4}$ of Section 2, Township 29 North, Range 19 West, was completed in 1940 with an initial flow of 105 BOPD and 455 BWPD. This well encountered the Lower Paradox sands between the depths of 6650' and 6865'. This well was also plugged and abandoned.

Rattlesnake Well No. 135 located in the NW $\frac{1}{4}$ of Section 1, Township 29 North, Range 19 West, which encountered the Lower Paradox sands between the depths of 6654' and 7062', was a dry hole.

Rattlesnake Well No. 136 drilled and completed in 1960, located in the SE $\frac{1}{4}$ of Section 2, Township 29 North, Range 19 West, encountered the Lower Paradox sands between the depths of 6629' and 6826', and is presently producing 201 BOPD and 905 BWPD.

5. That the geological data obtained in the course of drilling said wells including bottom hole pressure and other geological data relating to said lands indicates a single oil pool coming from an apparent common reservoir. The Lower Paradox is highly fractured and there is conclusive evidence that there is excellent reservoir communication.

6. That one well could reasonably be expected to adequately and efficiently drain in accordance with good conservation practice all the recoverable oil from the Lower Paradox formation underlying 80 acres.

7. That Applicant believes and therefore alleges that the above described land represents an area where it might reasonably be expected that oil production from said common source of supply can be obtained, and that in the interest of conservation and for the prevention of waste; to insure proper and efficient development; and to eliminate the drilling of unnecessary wells, this commission should enter an order providing for 80-acre proration units and an Order establishing special rules and regulations for the Rattlesnake-Pennsylvanian Pool, which rules should generally embody the following:

Rule 1. Each well completed or recompleted in the Rattlesnake-Pennsylvanian Oil Pool or in the Lower Paradox formation within one mile of the Rattlesnake-Pennsylvanian Oil Pool shall be spaced, drilled, operated and prorated in accordance with Special Rules and Regulations hereinafter set forth.

Rule 2. Each well completed or recompleted in the Rattlesnake-Pennsylvanian Oil Pool shall be located on a unit containing approximately 80 acres, which consists of any two contiguous quarter-quarter sections of a single governmental quarter section. For purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit.

Rule 3. Each well projected to or completed in the Rattlesnake-Pennsylvanian Oil Pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit; 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 80-acre unit.

Rule 4. For good cause shown, the Secretary-Director may grant an exception to Rule 2 without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit is to consist of a single quarter-quarter section or lot.
- (2) The non-standard unit consists of not more than 81 acres.
- (3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators.
- (5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

Rule 5. The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two lots or tracts comprising less than 79 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

Rule 6. The allowable assigned to any non-standard proration unit shall bear the same ratio to a standard allowable in the Rattlesnake-Pennsylvanian Oil Pool as the acreage in the non-standard unit bears to 80 acres.

Rule 7. An 80-acre proration unit (79 through 81 acres) in the Rattlesnake-Pennsylvanian Oil Pool shall be assigned an 80-acre proration factor of 2.77 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 said wells in any proportion.

Rule 8. Operators who propose to dedicate 80 acres to a well in the Rattlesnake-Pennsylvanian Oil Pool must file an amended Commission Form C-128 with the Commission or the Aztec District Office of the Commission by the required date in order that the well may be assigned an 80-acre allowable on the following month's proration schedule.

Rule 9. Operators, in order to make communication tests, are hereby permitted to shut-in one of the wells completed in said pool and to transfer its allowable to any other completed well or wells on the same basic lease which are producing from said pool. Provided, however, that such allowable transfer shall be limited to a period not to exceed one year.

WHEREFORE, Applicant respectfully requests that this Application be set down for hearing, that notice thereof be given as required by law, and that thereupon this Commission enter its Order establishing the above requested special rules and regulations for the Rattlesnake-Pennsylvanian Pool in San Juan County, New Mexico, and to provide for 80-acre proration units thereon.

Respectfully submitted,

CONTINENTAL OIL COMPANY

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