

MINING OFFICE
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BEFORE THE NEW MEXICO OIL
CONSERVATION COMMISSION

APPLICATION OF KERR-McGEE CORPORATION
FOR ESTABLISHMENT OF SPECIAL RULES
AND REGULATIONS IN THE AKAH-NEZ-
DEVONIAN OIL POOL, SAN JUAN COUNTY, N.M.

Case No. 3709

A P P L I C A T I O N

Comes now Kerr-McGee Corporation by its attorneys and applies to the New Mexico Oil Conservation Commission for an order establishing special rules and regulations governing spacing development and production in the Akah-Nez-Devonian Oil Pool, San Juan County, New Mexico, and in support of its application, states:

1. The Akah-Nez-Devonian Oil Pool was discovered in November, 1967, by Kerr-McGee Corporation's Navajo "J" No. 1 Well located 790 feet from the north line and 790 feet from the east line of Section 23, T.23 N., R. 20 W., San Juan County, New Mexico.
2. The producing formation in the said Navajo "J" No. 1 Well is the McCracken sand of Devonian age in the interval from 3,974 feet to 4,052 feet, as shown on the Schlumberger Induction-Electrical Log which is attached to this application. The perforated interval is from 3,982 feet to 4,008 feet and 4,018 feet to 4,028 feet.
3. On November 19, 1967, the said Navajo "J" No. 1 Well tested on pump 160 barrels of oil and 61.7 barrels of water with a gas-oil ratio of 109 cubic feet of gas per barrel of oil.
4. A hearing has been scheduled by the Commission for December 15, 1967, to consider the creation of a new oil pool based upon this discovery well, and designation of the pool as the Akah-Nez-Devonian Oil Pool.
5. The evidence presently available from the said Navajo "J" No. 1 Well indicates that one well in the proposed Akah-Nez-Devonian Oil Pool can efficiently and economically drain and develop an area of at least eighty acres.
6. Kerr-McGee Corporation proposes the establishment of special rules and regulations in the Akah-Nez-Devonian Oil Pool, including

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provisions for eighty-acre oil proration units, well spacing in either quarter-quarter section of the proration unit no closer than 330 feet to a quarter-quarter section line, an eighty-acre proportional factor for allowable purposes of 2.0, and application of the special rules and regulations to all wells within the horizontal limits of the pool, as defined by Commission order as the result of the hearing on December 15, 1967, and within one mile thereof.

7. Establishment of special rules and regulations as requested by this application will prevent waste and protect correlative rights.

8. The said Navajo "J" No. 1 Well is located upon lands owned by the Navajo Tribe of Indians, and all lands offsetting the said well likewise are owned by the Navajo Tribe of Indians. The ownership of leasehold interests in lands offsetting and in the vicinity of the said well are as shown on the plat attached to this application.

WHEREFORE, Kerr-McGee Corporation requests that the New Mexico Oil Conservation Commission set this application for hearing before the Commission or one of its examiners and that the Commission enter its order establishing special rules and regulations for the Akah-Nez-Devonian Oil Pool as requested in this application.

MONTGOMERY, FEDERICI & ANDREWS

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Corporation, Applicant

SPECIAL RULES AND REGULATIONS FOR
THE AKAH-NEZ-DEVONIAN OIL POOL

RULE 1. Each well completed or recompleted in the Akah-Nez Oil Pool or in the Devonian formation within the defined vertical limits of said pool and within one mile thereof, and not nearer to or within the limits of another designated Devonian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

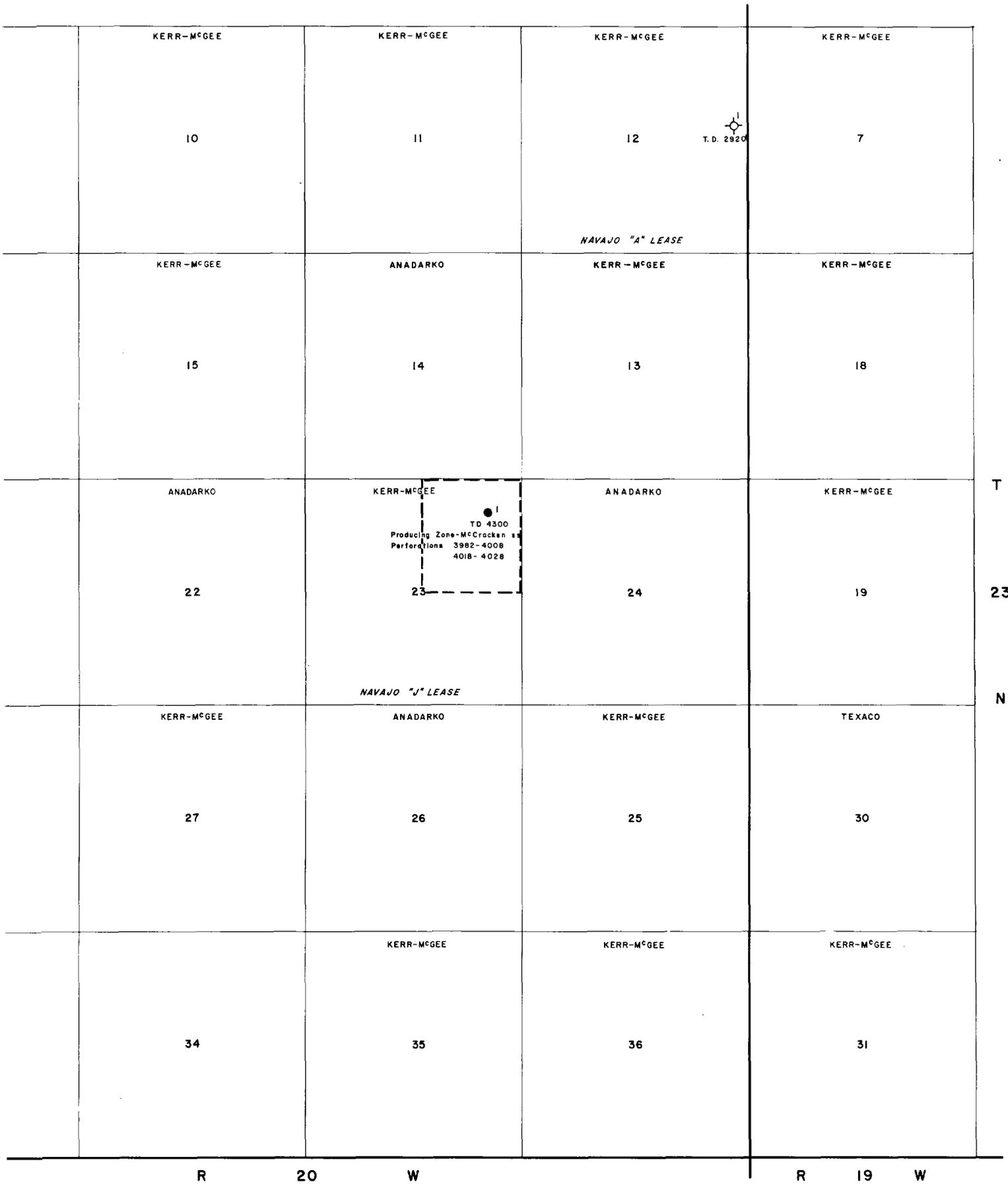
RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter 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 no closer than 330 feet to a governmental quarter-quarter section line.

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 2.00 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.



----- Akah-Nez Devonian Oil Pool

 KERR-McGEE CORPORATION	
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