

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. 3857
Order No. R-3504
NOMENCLATURE

APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY 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 September 4, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 17th day of September, 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, Coastal States Gas Producing Company, seeks the promulgation of special rules and regulations for the Tulk-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing units with the assignment of 80-acre allowables.
- (3) That in the alternative to the above, the applicant seeks the creation of a new pool for Pennsylvanian oil production from its State "26" Well No. 1, located in Unit D of Section 26, Township 14 South, Range 32 East, NMPM, Lea County, New Mexico.
- (4) That the aforesaid well is producing from the Tulk-Pennsylvanian Pool and that the horizontal limits of said pool should be extended to include the NW/4 of the aforementioned Section 26.

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(5) 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 160-acre spacing units and the assignment of 80-acre proportional factor of 4.77 should be promulgated for the Tulk-Pennsylvanian Pool.

(6) 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.

(7) 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.

(8) That this case should be reopened at an examiner hearing in September, 1969, at which time the operators in the subject pool should be prepared to appear and show cause why the Tulk-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 assigned to the subject pool should or should not be retained.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Tulk-Pennsylvanian Pool in Lea County, New Mexico, are hereby extended to include the following-described area:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM
Section 26: NW/4

(2) That temporary Special Rules and Regulations for the Tulk-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
TULK-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Tulk-Pennsylvanian Pool or in the Pennsylvanian formation within

one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian 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 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 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 consisting of less than 160 acres 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 (158 through 162 acres) shall be assigned an 80-acre proportional factor of 4.77 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

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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 160 acres.

IT IS FURTHER ORDERED:

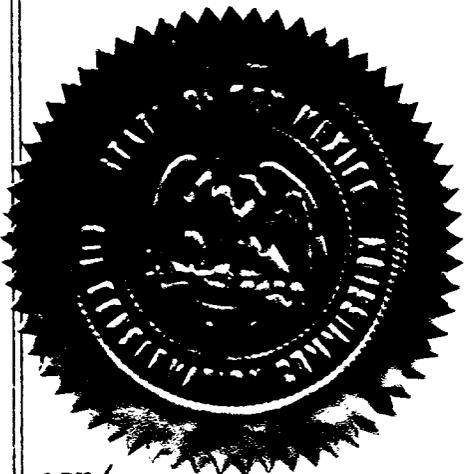
(1) That the locations of all wells presently drilling to or completed in the Tulk-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before October 1, 1968.

(2) That each well presently drilling to or completed in the Tulk-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until Form C-102 dedicating 160 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in September, 1969, at which time the operators in the subject pool may appear and show cause why the Tulk-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 assigned to the subject pool should or should not be retained.

(4) 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

David F. Cargo
DAVID F. CARGO, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

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