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January 21, 1971

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New Mexico Oil Conservation
Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Check 4502

Gentlemen:

Enclosed is the application of Samedan Oil Corporation for adoption of pool rules for the East Morton pool, Lea County, New Mexico.

It is requested that this application be set before the Commission's examiner at the next available examiner hearing.

Yours very truly,

Jason W. Kellahin

Jason W. Kellahin

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DOCKET MAILED

Date 2-11-71

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

MAIN OFFICE

71 JAN 22 AM 8 26

IN THE MATTER OF THE APPLICATION
OF SAMEDAN OIL CORPORATION FOR
ADOPTION OF POOL RULES, EAST
MORTON-WOLFCAMP POOL, LEA COUNTY,
NEW MEXICO

Case 4502

A P P L I C A T I O N

Comes now Samedan Oil Corporation and applies to the Oil Conservation Commission for and order adopting pool rules for the operation of the East Morton-Wolfcamp Pool, Lea County, New Mexico, with a provision for 80-acre spacing and proration units, and in support thereof would show the Commission:

1. Applicant has completed its Gulf State Well located 660 feet from the North and East lines of Section 4, Township 15 South, Range 35 East, N.M.P.M., and is currently completing a well located 510 feet from the South line, and 1830 feet from the East line of Section 33, Township 14 South, Range 35 East, for production from the East Morton-Wolfcamp formation.

2. Applicant proposes the adoption of pool rules for the development and operation of the East Morton-Wolfcamp Pool, such rules to include a provision for 80-acre spacing and proration units with the assignment of an 80-acre proportional factor for the assignment of allowables, with each well to be located on a standard unit consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section, wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot, provided that the drilling of

a well on each of the quarter-quarter sections in the unit should not be prohibited. Any wells drilled or drilling that will not comply with the well location requirements should be granted an exception to the requirements of the well location rule.

3. Applicant proposes that the East Morton-Wolfcamp Pool consist of the following lands:

Township 14 South, Range 35 East, N.M.P.M.

Section 33 - SE/4
Section 34 - N/2, SW/4

Township 15 South, Range 35 East, N.M.P.M.

Section 4 - All
Section 3 - NW/4

and such other lands heretofore included in the Pool.

4. The evidence available indicates that one well will efficiently and economically drain and develop not less than 80 acres in the East Morton-Wolfcamp Pool.

5. To prevent the loss caused by the drilling of unnecessary wells, to prevent waste, and protect correlative rights, special rules and regulations providing for 80-acre spacing and proration units should be adopted for the East Morton-Wolfcamp Pool.

Wherefore, applicant prays that this application be set for hearing before the Commission or before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order adopting pool rules for the East Morton-Wolfcamp Pool, as prayed for.

Respectfully submitted,
SAMEDAN OIL CORPORATION

By

Jason W. Kellahin

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P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

SAMEDAN OIL CORPORATION #1 GULF STATE

East Morton Area

WOLFCAMP POOL
Lea County, New Mexico

(1) That the applicant, Samedan Oil Corporation, seeks the creation of a new oil pool for Wolfcamp production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 80-acre spacing.

(2) That the applicant's Gulf State No. 1 Well located in Unit "A" of Section 4, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico, has discovered a separate common source of supply which should be designated the _____ Lower Wolfcamp Pool; that the vertical limits of said pool should be the zone encountered in said well between 10,302 and **10,646** feet; and that the horizontal limits of said pool should be as follows:

Township 14 South, Range 35 East, N.M.P.M.
Section 33 - SE/4
Section 34 - SW/4

Township 15 South, Range 35 East, N.M.P.M.
Section 4 - All - **Except SW/4**
Section 3 - NW/4

(3) That said separate common source of supply has previously been designated as an extension to the East Morton Pool. A new pool should be created as set out above and designated the _____ Lower Wolfcamp Pool as set out above.

(4) 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 80-acre spacing units should be promulgated for the _____ Lower Wolfcamp Pool.

(5) 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.

(6) 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.

(7) That this case should be reopened at an examiner hearing in February, 1972, at which time the operators in the subject pool should be prepared to appear and show cause why the _____ Lower Wolfcamp Pool should not be developed on 40-acre spacing units.

(8) That a new pool in Lea County, New Mexico, classified as an oil pool for Lower Wolfcamp production is hereby created and designated the _____ Lower Wolfcamp Pool, with vertical limits comprising the zone encountered between 10,302 and 10,546 feet in the Samedan Oil Corporation Gulf State No. 1 Well, located in Unit "A", Section 4, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico and horizontal limits comprising the following lands:

Township 14 South, Range 35 East, N.M.P.M.
Section 33 - SE/4
Section 34 - SW/4

Township 15 South, Range 35 East, N.M.P.M.
Section 4 - All
Section 3 - NW/4

(9) That temporary Special Rules and Regulations for the _____ Lower Wolfcamp Pool should be promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
_____ WOLFCAMP POOL

RULE 1. Each well completed or recompleted in the _____ Lower Wolfcamp Pool or in the Lower Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Lower Wolfcamp 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-Directory 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. 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 unorthodox 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 offset operators or if no offset operator has entered an objection to the unorthodox location 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 5.67 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.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the _____ Lower Wolfcamp Pool or in the Lower Wolfcamp formation within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before _____, 1971.

(2) That each well presently drilling to or completed in the _____ Lower Wolfcamp Pool or in the Lower Wolfcamp formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in February, 1972, at which time the operators in the subject pool may appear and show cause why the _____ Lower Wolfcamp Pool should not be developed on 40-acre spacing units.