

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

JAN 16 1981

O. C. D.

ARTESIA, OFFICE
CASE NO. 7073
Order No. R-6558

APPLICATION OF ENSERCH EXPLORATION,
INC. FOR POOL CREATION, TEMPORARY
SPECIAL RULES, ASSIGNMENT OF A
DISCOVERY ALLOWABLE, AND A NON-
STANDARD PRORATION UNIT, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 29, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of January, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Enserch Exploration, Inc., is the owner and operator of its J. G. O'Brien Well No. 1, located in Unit E of Section 31, Township 7 South, Range 29 East, NMPM, Chaves County, New Mexico, and has applied for creation of a new Fusselman oil pool for said well, assignment of an oil discovery allowable in the amount of 33,705 barrels to said well, special pool rules including a provision for 80-acre spacing and proration units and a gas-oil ratio limitation of 3000 cubic feet of gas per barrel of oil, and a non-standard 74.28-acre oil proration unit.
- (3) That by Order No. R-6499, the Division created and defined the South Elkins-Fusselman Pool, comprising the NW/4 of Section 31, Township 7 South, Range 31 East, NMPM, Chaves

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Contd. in full force & effect until further order of Comm.

County, New Mexico, and credited applicant's J. G. O'Brien Well No. 1 with having been the discovery well for said pool.

(4) That the applicant requests that that portion of the application relating to creation of a new pool for the subject well be dismissed, and it should be.

(5) That the discovery well for the South Elkins-Fusselman Pool, being the above described J. G. O'Brien Well No. 1, has made a bona fide discovery of a new oil pool, and should be assigned 5 barrels of oil for each foot of depth to the top of the perforations at 6,741 feet, or 33,705 barrels of oil discovery allowable to be produced within the next two years.

(6) That the evidence presently available indicates that 80-acre spacing and proration units for said pool are feasible on a temporary basis and should be approved.

(7) That the evidence presently available indicates that a gas-oil limiting ratio of 3000 cubic feet of gas per barrel of oil is a reasonable limiting ratio for the subject pool and should be approved.

(8) 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 South Elkins-Fusselman Pool.

(9) 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.

(10) 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, and to determine the most efficient gas-oil ratio limitation for the pool.

(11) That a 74.28-acre non-standard oil proration unit comprising the W/2 NW/4 of Section 31, Township 7 South, Range 31 East, should be approved.

(12) That this case should be reopened at an examiner hearing in February, 1982, at which time the operators in the subject pool should be prepared to appear and show cause why the South Elkins-Fusselman Pool should not be developed on 40-acre spacing units and why the limiting gas-oil ratio should not be 2000 to one.

IT IS THEREFORE ORDERED:

(1) That temporary Special Rules and Regulations for the South Elkins-Fusselman Pool, Chaves County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH ELKINS-FUSSELMAN POOL

RULE 1. Each well completed or recompleted in the South Elkins-Fusselman Pool or in the Fusselman formation within one mile thereof, and not nearer to or within the limits of another designated Fusselman 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 Division Director 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 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 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 Division 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 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 Director has received the application.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 222 barrels per day, 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.

RULE 7. The limiting gas-oil ratio for South Elkins-Fusselman Pool shall be 3000 cubic feet of gas per barrel of oil.

IT IS FURTHER ORDERED:

(1) That a 74.28-acre non-standard oil proration unit comprising the W/2 NW/4 of Section 31, Township 7 South, Range 31 East, NMPM, Chaves County, New Mexico, is hereby approved, to be dedicated to applicant's J. G. O'Brien Well No. 1, located in Unit E of said Section 31.

(2) That an oil discovery allowable of 33,705 barrels is hereby assigned to the aforesaid J. G. O'Brien Well No. 1, to be produced by February 1, 1983.

(3) That the locations of all wells presently drilling to or completed in the South Elkins-Fusselman Pool or in the Fusselman formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well on or before February 15, 1981.

(4) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, existing wells in the South Elkins-Fusselman Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Elkins-Fusselman Pool or in the Fusselman formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

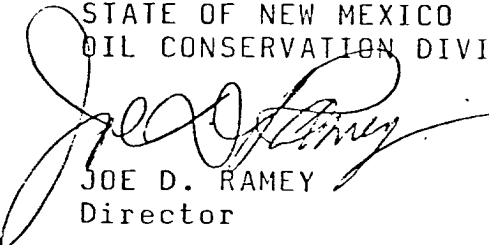
(5) That this case shall be reopened at an examiner hearing in February, 1982, at which time the operators in the subject pool should be prepared to appear and show cause why the South Elkins-Fusselman Pool should not be developed on 40-acre spacing units and why the limiting gas-oil ratio for said pool should not be 2000 to one.

(6) That that portion of the application in this case dealing with the creation of a new pool for applicant's J. G. O'Brien Well No. 1 is hereby dismissed.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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