

4577

Application
Transcripts.

Small Exhibits

ETC.

dearnley, meier & mc cormick reporting service, inc.

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-8691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 13, 1972
EXAMINER HEARING

IN THE MATTER OF:
IN THE MATTER OF CASE 4577
being reopened pursuant to the
provisions of Order No. R-4181.
(Second Calling)

CASE NO. 4577
(Second Calling)

BEFORE: *Daniel*
Richard S. Nutter
Examiner

TRANSCRIPT OF HEARING

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. NUTTER: Case Number 4577, called again,
which is the matter of Case 4577 reopened pursuant to the
provisions of Order Number R-4181.

For the record, I would like to say that the
original Applicant has requested that the Case be dismissed.
We will make a recommendation that the case be dismissed
and that the pool revert to 40 acre spacing.

Hearing is adjourned.

dearnley, meier & mc cormick reporting service, inc.

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

PAGE

4

1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

4 I, JOHN DE LA ROSA, a Court Reporter, in and for the
5 County of Bernalillo, State of New Mexico, do hereby certify
6 that the foregoing and attached Transcript of Hearing
7 before the New Mexico Oil Conservation Commission was
8 reported by me; and that the same is a true and correct record
9 of the said proceedings to the best of my knowledge, skill
10 and ability.

11 John De La Rosa
12 COURT REPORTER
13
14
15
16
17
18
19
20
21
22
23
24
25

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 4577
heard by me on 9/13, 1972

W. H. H. H., Examiner
New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 13, 1972

EXAMINER HEARING

IN THE MATTER OF:

Case 4577 being reopened pursuant
to the provisions of Order No. R-4181,
which order established special rules
and regulations for the Parkway-
Wolfcamp Pool, Eddy County, New Mexico.

CASE NO. 4577

BEFORE: Daniel S. Nutter
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

1 MR. HATCH: Case 4577: In the matter of Case
2 4577 being reopened pursuant to the provisions of Order No.
3 R-4181, which order established special rules and regulations
4 for the Parkway-Wolfcamp Pool, Eddy County, New Mexico,
5 including a provision for 160 acre spacing units.

6 MR. NUTTER: Is there an appearance in Case 4577?

7 (No response.)

8 MR. NUTTER: We'll call the Case again at the
9 conclusion of the docket.

10 Case Number 4811.
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

4 I, JOHN DE LA ROSA, a Court Reporter, in and for the
5 County of Bernalillo, State of New Mexico, do hereby
6 certify that the foregoing and attached Transcript of
7 Hearing before the New Mexico Oil Conservation Commission
8 was reported by me; and that the same is a true and correct
9 record of the said proceedings to the best of my knowledge,
10 skill and ability.

11 John De La Rosa
12 COURT REPORTER
13
14
15
16
17
18
19
20
21
22

23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
25 the Examiner hearing of Case No. 4577
heard by me on 9/13 1972

John De La Rosa Examiner
New Mexico Oil Conservation Commission

dearnley-meier reporting service

1 MR. NUTTER: Case 4577.

2 MR. HATCH: Case 4577. Application of Petroleum
3 Corporation for the creation of a new pool, special rules
4 therefor, and discovery allowable, Eddy County, New Mexico.

5 MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant, Cox
6 and Eaton representing the Petroleum Corporation.
7 We have one witness, Mr. Hal Dean which we would like
8 to have sworn.

9 (Witness sworn)

10 (Whereupon, Applicant's Exhibits 1 through 5 were marked
11 for identification.)

12 HAL DEAN

13 having being duly sworn testified as follows:

14 DIRECT EXAMINATION

15 BY MR. HINKLE:

16 Q State your name, your residence and by whom you are
17 employed.

18 A Hal Dean, Midland, Texas. I am employed by The Petroleum
19 Corporation.

20 Q What is your position with The Petroleum Corporation?

21 A I am a Consulting Geologist.

22 Q Are you familiar with the application which has been filed
23 in this case?

24 A Yes, I am.

25 Q What is the Petroleum Corporation seeking to accomplish?

1 A We seek to create a new oil pool producing from the
2 Wolf-camp formation and our Petco State well number 2
3 located in section 26, T19 south, range 29 east, Eddy
4 County, New Mexico, and ask for special rules providing
5 for 160 acre spacing and proration units.
6 In addition we request the assignment of an oil discovery
7 allowable to this well.

8 Q Are you a graduate geologist?

9 A Yes, sir.

10 Q Have you previously testified before the commission.

11 A Yes, I have.

12 Q Are your qualifications as a Petroleum Geologist a matter
13 of record with the commission?

14 A Yes, sir.

15 MR. HINKLE: Are the qualifications acceptable?

16 MR. NUTTER: Yes, they are.

17 Q (Mr. Hinkle continuing) Have you made a study of this
18 particular pool and of the wells that have been drilled
19 and are you familiar with them?

20 A Yes, I am.

21 Q Have you prepared, or has there been prepared under your
22 direct supervision, exhibits for introduction into this
23 case

24 A Yes, sir, there have been.

25 Q Refer to exhibit number 1 and explain what this is and what

1 it shows.

2 A Exhibit number 1 is a land plat of the area of interest,
3 which shows the location of the subject well.

4 It is pointed to by the arrow. It is located in the
5 Southeast quarter of the Southwest quarter of section 26.
6 The acreage of which the Petroleum Corporation owns an
7 interest is indicated colored in yellow.

8 The ownership of adjacent lands, to the best of our
9 knowledge is also indicated on this map.

10 Q Now, refer to exhibit number two and explain what
11 this shows.

12 A Exhibit number 2 is a map designed to show the producing
13 formations in the area adjacent to the Petco State number
14 two Wolf-camp completion.

15 At the bottom of the page there is a legend showing
16 the different producing intervals. The nearest producing
17 well is a Petroleum Corporation number one Petco State
18 located 1 and one-half miles East, completed in the strawn
19 formation at approximate depth of 10,600 feet.

20 The closest producing well outside of the number one Petco
21 State is the H. L. Brown Yates Federal located approximately
22 2 and one-half miles east of the number two Petco State,
23 producing from the Morrow formation.

24 Q Does the Sun Ray well in section 32 also produce from the
25 Morrow?

dearnley-meier reporting service

- 1 A The Sun Ray also--well also produces from the Totco
2 Morrow section, but it has been plugged and abandoned.
- 3 Q Your number 1 Petroleum Corporation Petco State number
4 one was a discovery in section 26?
- 5 A Yes, sir. That was a -- discovery well for the Parkway
6 pool, producing from the straun formation.
- 7 Q And special pool rules have been adopted for that area?
- 8 A Yes, sir.
- 9 Q Now, refer to exhibit number 3 and explain that to the
10 commission.
- 11 A Exhibit number 3 is a structure map drawn on the top of
12 the Wolf-camp formation.
13 It shows the number 2 well, number 2 Petco State is
14 approximately 75 feet higher structurally on the top of
15 the straun formation, which was the original objective
16 in our number 2 well was dense, and it was not productive.
17 For this reason, we have plugged back and completed in the
18 Wolf-camp formation average depth of about 9600 feet.
19 This structure map shows a -- an east dipping Morrow
20 climb.
- 21 There is a change in strike in vicinity of this particular
22 area of interest.
- 23 Q Now, you have a log of the well which is exhibit five,
24 and the history of the well and the production will be
25 explained a little later.

1 Do you have any further comments with respect to exhibit
2 three?

3 A No, sir.

4 Q Refer to exhibit 4 and explain this.

5 A Exhibit 4 is a cross section of electrical log drawn from
6 the Sun Ray number 1 mid-continental well on the west,
7 in an easterly direction through the Petco State number
8 two well.

9 In terminating on the east with the Petco State number 1
10 well in the Sun Ray well, the Wolf-camp zone was not tested.
11 It was present at approximate depth of 9260.

12 However, no drill stem test or production data, testing
13 data had been recorded on this particular well.

14 As we go to the east, you can see that there is considerable
15 change in structure. It is an east dip, and the Wolf-camp
16 zone, which we have completed in was present from depths
17 of 9622 -- pardon me. From 9616 to 9654.

18 The zone was approximately--had approximately 32 feet of
19 crystalline limestone which was porous, had an average
20 porosity of 5%.

21 As we go in an easterly direction, the correlation in the
22 number 1 Petco State, this same zone, was present, but
23 was dense and no shows were recorded in this number one
24 Petco State.

25 The trap is definitely a stratigraphic in nature, being

1 limited from our well control in the northwest and the
2 south and the east direction.

3 Q If you will refer to exhibit 5, which is the well log,
4 and we only have two copies, explain exhibit 5.

5 A Exhibit number 5 is a copy of the Schlumberger Borehole
6 compensated sonic log, gamma ray.

7 On the 5-inch scale, the top of the Wolf-camp section
8 as you see there, is at 9616. The base of the Wolf-camp
9 section is at 9654.

10 The well was perforated from a depth of 9622 to 9646.
11 The well flowed on a 2464 in choke at the rate of 810
12 barrels of oil, 1,001,200 mcf gas per day, a tubing
13 pressure of 320 pounds at the surface, a gas/oil ratio
14 of 1485 to 1, oil of 49 gravity.

15 The treatment after perforation was 500 gallons of acid.
16 The well is presently shut in.

17 Q What about your number 1 well? Is it being produced at
18 the present time?

19 A Yes, it is being produced at the present time from a
20 straun formation.

21 Q Have you gas connections for that well, the number 1?

22 A No, we do not have at this time, but we are anticipating
23 one.

24 Q Do you have a gas connection or anticipate a gas connection
25 for this number 2 well?

dearnley-meier reporting service

- 1 A Yes, sir.
- 2 Q Do you have any idea how long it might be before the
- 3 well might be connected?
- 4 A Approximately -- we hope fully within a 30-day period.
- 5 Q And you will be producing both oil and gas from that?
- 6 A Yes, sir.
- 7 Q So you really have no production history on this well
- 8 at the present time.
- 9 A No, sir, we do not.
- 10 Q What is your recommendation to the commission with
- 11 respect to the establishment of pool rules?
- 12 A We request that we obtain 160 acre spacing with 160
- 13 acre proration units, and that we be given a discovery
- 14 allowable for this well.
- 15 Q You are asking for a temporary field rule--
- 16 A Yes, sir.
- 17 Q --for a year?
- 18 A Yes, sir.
- 19 Q And what is the object of the temporary field rules?
- 20 A Well, from our exhibit number 1 of the land plat, there
- 21 is considerable acreage in which we have an interest in and
- 22 we would like to observe the production of this well, and
- 23 then proceed to develop it, or at least hold acreage.
- 24 Q Do you have reason to believe that one well will effectively
- 25 and efficiently drain as much as a hundred sixty acres or

1 more?

2 A We are hopeful that it will do that.

3 Q This will give you an opportunity to observe the
4 production and possibility of other wells being drilled?

5 A Drilled in the area by ourselves and possibly other oper-
6 aters.

7 Q So at the end of the year you should have additional
8 information to determine that depth?

9 A Yes, sir.

10 Q What discovery allowable are you seeking?

12 A Discovery allowable of approximately 48,110 barrels to
12 this particular well.

13 Q And have you filed a form which is required by the
14 commission regulation for this discovery allowable?

15 A Yes, we have.

16 Q In your opinion this is a new discovery, distinct from
17 the straun discovery in the number 1 well?

18 A Yes, sir.

19 Q There is no communication between the two?

20 A No.

21 MR. HINKLE: We would like to offer in evidence
22 exhibits 1 through 5.

23 MR. NUTTER: Applicant's exhibits 1 through 5 will
24 be admitted in evidence.

25 MR. HINKLE: Do you have anything else you would

1 like to present to the commission?

2 THE WITNESS: No, sir.

3 MR. HINKLE: That's all of the direct.

4 CROSS EXAMINATION

5 BY MR. NUTTER:

6 Q What is your name, sir?

7 A Hal Dean.

8 Q Okay. Mr. Dean, you haven't made any recommendations as
9 to what locations under your proposed pool rules.

10 What would you suggest would be the location requirement
11 for these wells?

12 A I think that they should be 660 feet from the lease
13 lines.

14 Q No closer than 660 feet to the 160 acre --

15 A Yes, sir.

16 Q --units?

17 A Yes, sir.

18 MR. HINKLE: Is that the same as in a straun special --

19 THE WITNESS: Straun oil pool, yes, sir.

20 Q (Mr. Nutter continuing) In other words, you are requesting
21 rules similar to what we recently approved for the straun
22 oil pool?

23 A Yes, sir. Yes, sir.

24 MR. HINKLE: Yes sir.

25

1 Q What is the rate of production on that straun well?

2 A Well, it is producing approximately 20 barrels of oil
3 and about 300 barrels of water and gas is around 500 mcf
4 per day.

5 We are hopeful that this second well we are moving up --

6 Q And have you made a calculation as to what the allowable
7 would be under 160 acres spacing for this Wolf-camp well?

8 A No. I have not, sir.

9 Q Or what the rate of gas production would be?

10 A No. I think that it is approximately 400 barrels a day.
11 The gas ratio thereof 1500 to 1 would be closer.

12 MR. NUTTER: Are there any further questions of Mr.
13 Dean? He may be excused.

14 (Witness excused)

15 MR. NUTTER: Do you have anything further, Mr. Hinkle?

16 MR. HINKLE: That's all.

17 MR. NUTTER: Does anyone have anything they wish to
18 offer in case 4577?

19 Take the case under advisement.
20
21
22
23
24
25

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
HAL DEAN	2
Direct Examination by Mr. Hinkle	2
Cross-Examination by Mr. Nutter	10

<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's 1 through 5	2	9

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

3 I, LINDA MALONE, Court Reporter, do hereby certify that
4 the foregoing and attached Transcript of Hearing before the
5 New Mexico Oil Conservation Commission was reported by me; and
6 that the same is a true and correct record of the said
7 proceedings, to the best of my knowledge, skill and ability.

8
9
10 Linda Malone
11 Court Reporter

12
13
14
15
16
17
18
19
20
21
22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiner hearing of Case No. 4577
25 heard by me on 8/11, 1971.

[Signature], Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

**STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR**

September 22, 1972

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4577
Order No. R-4181-A
Applicant:
Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC _____ x
 Artesia OCC _____ x
 Aztec OCC _____
 Other _____

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. 4577
Order No. R-4181-A

IN THE MATTER OF CASE 4577 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-4181, WHICH ORDER
ESTABLISHED SPECIAL RULES AND REGULA-
TIONS FOR THE PARKWAY-WOLFCAMP POOL,
EDDY COUNTY, NEW MEXICO, INCLUDING A
PROVISION FOR 160-ACRE SPACING UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 13, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of September, 1972, 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 by Order No. R-4181, dated August 17, 1971, temporary Special Rules and Regulations were promulgated for the Parkway-Wolfcamp Pool, Eddy County, New Mexico, establishing 160-acre spacing units and a proportional factor of 6.77 for allowable purposes for a period of one year.
- (3) That pursuant to the provisions of Order No. R-4181, this case was reopened to allow the operators in the subject pool to appear and show cause why the Parkway-Wolfcamp Pool should not be developed on 40-acre or 80-acre spacing units.
- (4) That no operator in the subject pool appeared to show cause why the Parkway-Wolfcamp Pool should not be developed on 40-acre or 80-acre spacing units.
- (5) That no wells are presently producing from the subject pool.

-2-

CASE NO. 4577

Order No. R-4181-A

(6) That it is not anticipated that additional wells will be drilled in the subject pool.

(7) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 160 acres.

(8) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4181 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Parkway-Wolfcamp Pool, Eddy County, New Mexico, promulgated by Order No. R-4181, are hereby abolished.

(2) 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



Bruce King
BRUCE KING, Chairman

Alex J. Armiijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

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. 4577
Order No. R-4181

NOMENCLATURE

APPLICATION OF PETROLEUM
CORPORATION FOR THE CREATION
OF A NEW POOL, SPECIAL RULES
THEREFOR, AND DISCOVERY ALLOWABLE,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 11, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 17th day of August, 1971, 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, Petroleum Corporation, seeks the creation of a new oil pool for Wolfcamp production in Eddy County, New Mexico, and the assignment of an oil discovery allowable in the amount of approximately 48,110 barrels to the discovery well.

(3) That the applicant also seeks the promulgation of special rules for said pool, including a provision for 160-acre proration units.

-2-

CASE NO. 4577

Order No. R-4181

(4) That the evidence presently available indicates that Petco State Well No. 2, located in Unit N of Section 26, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, has discovered a separate common source of supply which should be designated the Parkway-Wolfcamp Pool; that the vertical limits of said pool should be the Wolfcamp formation, and that the horizontal limits of said pool should be the SW/4 of said Section 26.

(5) That the discovery well for the aforesaid pool, Petco State Well No. 2, located in Unit N of Section 26, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 48,110 barrels, based upon the top perforations in said well at 9,622 feet, to be assigned over a two-year period.

(6) 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 should be promulgated for the Parkway-Wolfcamp Pool.

(7) 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.

(8) 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.

(9) That this case should be reopened at an examiner hearing in September, 1972, at which time the operators in the subject pool should be prepared to appear and show cause why the Parkway-Wolfcamp Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production, is hereby created and

-3-

CASE NO. 4577

Order No. R-4181

designated the Parkway-Wolfcamp Pool, with vertical limits comprising the Wolfcamp formation and horizontal limits comprising the following-described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 26: SW/4

(2) That the aforesaid discovery well is hereby authorized an oil discovery allowable of 48,110 barrels to be assigned to said well at the rate of 66 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That temporary Special Rules and Regulations for the Parkway-Wolfcamp Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
PARKWAY-WOLFCAMP POOL

RULE 1. Each well completed or recompleted in the Parkway-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Wolfcamp 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.

-4-

CASE NO. 4577
Order No. R-4181

RULE 4. Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit boundary and no nearer than 330 feet to any 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 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 a 160-acre proportional factor of 6.77 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.

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.

RULE 7. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Parkway-Wolfcamp Pool or in the Wolfcamp 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 Commission in writing of the name and location of the well on or before September 1, 1971.

(2) That, pursuant to Paragraph A. of Section 65-3-14-5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Parkway-Wolfcamp Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may

-5-

CASE NO. 4577

Order No. R-4181

have non-standard spacing or proration units established by the Commission and dedicated thereto.

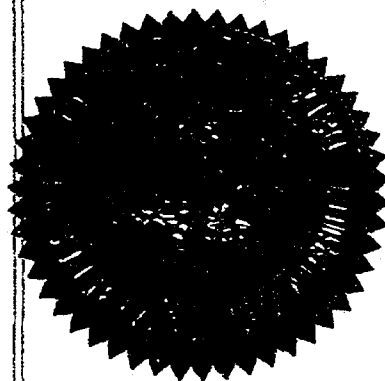
Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Parkway-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in September, 1972, at which time the operators in the subject pool may appear and show cause why the Parkway-Wolfcamp Pool should not be developed on 40-acre or 80-acre spacing units.

(4) That the above-described Petco State Well No. 2 shall not be produced until such time as it has been connected to a gas gathering facility.

(5) 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.



SEAL
dr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armiijo
ALEX J. ARMIJO, Member

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

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 13, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1972, from seventeen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1972.

CASE 4808: Application of Skelly Oil Company for a waterflood expansion and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Grayburg-Jackson Skelly Unit Waterflood Project, Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water through its Unit Well No. 114 located in Unit D of Section 14, Township 17 South, Range 31 East. Said Well No. 114 to be completed as a dual completion in such a manner as to permit the production of oil from the Fren-Sevens Rivers Pool and the injection of water into the Grayburg-Jackson Pool.

CASE 4809: Application of Saturn Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Antebellum Unit Area comprising 3,840 acres, more or less, of State and Federal lands in Township 23 South, Range 34 East, Lea County, New Mexico.

CASE 4810: In the matter of the application of the Oil Conservation Commission on its own motion to consider the revision of the special rules for the Devils Fork Gallup Associated Pool and the Escrito Gallup Associated Pool, Rio Arriba and San Juan Counties, New Mexico, promulgated by Orders Nos. R-1670-B and R-1793-A, respectively, to permit taking of gas-oil ratio and bottom-hole pressure tests on an annual basis rather than quarterly and semi-annually, as is now required.

CASE 4747: (Continued from the July 26, 1972, Examiner Hearing)

Application of Union Texas Petroleum, a Division of Allied Chemical Corporation for compulsory pooling, Lea County, New Mexico, Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the base of the Devonian formation underlying the N/2 of Section 33, Township 25 South, Range 37 East, Crosby Field, Lea County, New Mexico. Said acreage to be dedicated to its well to be located 1650 feet from the North line and 2310 feet from the East line of said Section 33. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4577: (Reopened)

In the matter of Case 4577 being reopened pursuant to the provisions of Order No. R-4181, which order established special rules and regulations for the Parkway-Wolfcamp Pool, Eddy County, New Mexico, including a provision for 160-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre or 80-acre spacing units.

CASE 4811: Application of Atlantic Richfield Company for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard gas proration unit comprising the N/2 SE/4 and NE/4 SW/4 of Section 36, Township 21 South, Range 37 East, Blinbry Gas Pool, Lea County, New Mexico, to be dedicated to its State 367 Well No. 3 located in Unit K of said Section 36.

CASE 4812: Application of Midwest Oil Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 104, authority to drill a wildcat gas well to test the Morrow formation at an unorthodox location 1320 feet from the South and East lines of Section 1, Township 18 South, Range 28 East, Eddy County, New Mexico, with the S/2 of said Section 1 to be dedicated to the well.

CASE 4813: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sitting Bull Unit Area comprising 6,665 acres, more or less, of Federal lands in Sections 28, 29, 31, 32, and 33 of Township 23 South, Range 22 East, and Sections 4 through 9 of Township 24 South, Range 22 East, Eddy County, New Mexico.

CASE 4814: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Four Forks Unit Area comprising 3,133 acres, more or less, of Federal and Fee lands in Sections 3, 10, 11, 14 and 15 of Township 22 South, Range 25 East, Eddy County, New Mexico.

CASE 4815: Application of Inexco Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn gas pool for its well located 1980 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Eddy County, New Mexico. Applicant further seeks the promulgation of special rules therefor, including a provision for 640-acre spacing units.

CASE 4816: Application of Penroc Oil Corporation for a special gas-oil ratio limitation increase, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of the special rules and regulations for the Hobbs-Drinkard Pool promulgated by Order No. R-3811, as amended,

(Case 4816 continued from Page 2)

to establish a limiting gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil in said pool.

CASE 4817: Application of Phillips Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Drag "B" Well No. 1 located in Unit K of Section 18, Township 23 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce gas from the South Carlsbad-Morrow Gas Pool through tubing and an undesignated Canyon gas pool through the casing-tubing annulus.

CASE 4818: Application of Tipperary Land and Exploration Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the North Bagley-Pennsylvanian Pool by the injection of water into the Strawn and possibly other formations by the injection of water through its Bess Well No. 1 located 660 feet from the North line and 1980 feet from the East line of Section 20, Township 11 South, Range 33 East, Lea County, New Mexico.

CASE 4819: Application of D. L. Hannifin for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in and under the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the South and East lines of said Section 24. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4820: Application of Anadarko Production Company for the creation of an associated pool, special rules therefor, downhole and surface commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new associated pool for the production of oil and gas from the Yates and Seven Rivers formations for its Loco Hills Federal "B" Wells Nos. 1 and 8 located, respectively, in Units P and K of Section 9, Township 17 South, Range 30 East, Eddy County, New Mexico, and the promulgation of special rules therefor including provisions for the classification of oil and gas wells, oil and gas well spacing, and an unlimited gas-oil ratio.

Applicant further seeks authority to commingle in the well-bore of said Well No. 1 the Yates-Seven Rivers production from the newly created pool and the Grayburg-Jackson Pool and to commingle on the surface the Yates-Seven Rivers production from said Well No. 8 with production from the Grayburg-Jackson Pool.

CASE 4821: Application of Getty Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception

(Case 4821 continued from Page 3)

to Rule 303 of the Commission Rules and Regulations, authority to commingle production from the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Pennsylvanian Pools in the wellbore of its State "BA" Well No. 8 located in Unit B of Section 36, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 4822: Application of Getty Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its State "BA" Well No. 9 located 660 feet from the North line and 2310 feet from the East line of Section 36, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico. Said well being nearer than 660 feet to another well capable of producing from the same pool.

CASE 4823: Application of Getty Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its A. B. Coates "C" Well No. 28 located 1820 feet from the North and West lines of Section 24, Township 25 South, Range 37 East, Justis Blinebry Pool, Lea County, New Mexico. Said well being located nearer than 660 feet to another well capable of producing from the same pool.

CASE 4824: Application of Getty Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its H. D. McKinley Well No. 11 located 760 feet from the North line and 550 feet from the East line of Section 30, Township 18 South, Range 38 East, Hobbs Grayburg-San Andres Pool, Lea County, New Mexico. Said well being nearer than 660 feet to another well capable of producing from the same pool.

CASE 4825: Application of Hanagan Petroleum Corporation for dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Catclaw Draw Unit Well No. 3 located in Unit D of Section 36, Township 21 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Strawn gas pool through tubing and from the Catclaw Draw-Morrow Gas Pool through the casing-tubing annulus.

CASE 4826: Application of Hanagan Petroleum Corporation for pool creation, special pool rules, and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn gas pool for its well located 920 feet from the North and West lines of Section 36, Township 21 South, Range 25 East, Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 640-acre spacing units. Applicant further seeks approval of an unorthodox location for the above-described well.

CASE 4827: Application of Robert N. Enfield for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks

(Case 4827 continued from Page 4)

authority to drill a gas well at an off-pattern unorthodox location 990 feet from the North and East lines of Section 11, Township 15 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, with the E/2 of said Section 11 to be dedicated to the well.

CASE 4828: Application of Inexco Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the dual completion of its McMinn State Well No. 1 located 1980 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from the Strawn formation and the Morrow formation adjacent to the Catclaw Draw-Morrow Gas Pool.

NEW MEXICO OIL CONSERVATION COMMISSION
APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Form C-109
 Adopted 9-1-66

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 90. If discovery is claimed for more than one zone, separate forms must be filed for each.

RECEIVED
 AUG 11 1971
 OIL CONSERVATION COMM

Operator The Petroleum Corporation		Address 3303 Lee Parkway, Dallas, Texas 75219	
Lease Name Petco State		Well No. 2	County Eddy
Well Location Unit Letter: N ; 660 Feet from The south Line and 1980 Feet From the WEST Line of Section 26 , Township 19S , Range 29E , NMPM			
Suggested Pool Names (List in order of preference) 1. Parkway (Wolfcamp)			
Name of Producing Formation Wolfcamp		Perforations 9622-9646	Date of Filing Form C-104 July 19, 1971
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No		If Yes, Give Date of Filing ---	Date Well was Spudded 5/24/71
Total Depth 10,685		Plugged Back Depth 9,651	Depth Casing Shoe 9,779
Tubing Depth 9,493		Elevation (Gr., DF, RKB, RT, etc.) GL-3340	
Oil Well Potential (Test to be taken only after all load oil has been recovered) 810 Bbls. Oil Per Day Based On 810 Bbls In 24 Hours; No Bbls Water Per Day Based On no Bbls In 24 Hours; Gas Production During Test: 1,200 MCF; Gas-Oil Ratio: 1,485 Method Of Producing: flow Chk. Size 24/64			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Parkway	Name of Producing Formation Strawn	Top of Pay 10,650	Bottom of Pay 10,675	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool 2640		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 1077 feet		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name	Top of Pay	Bottom of Pay	Currently Producing?
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool No comparable production within four miles.			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? No	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
---	--

Is the Subject Well Multiple Completion? no	Is Discovery Allowable Requested for other Zone(s)? no	If Yes, Name all Such Formations
---	--	----------------------------------

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
Sun Oil Company	Southland Center, Dallas, Texas
Allied Chemical (Union Texas Petroleum)	1300 Wilco Bldg., Midland, Texas
Union Oil Company	619 W. Texas, Midland, Texas
Southland Royalty Company	Wilco Building, Midland, Texas

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks:

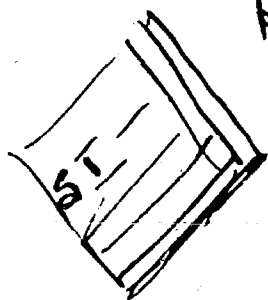
CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

Sandy C. Sham
 Signature

Petroleum Engineer
 Position

August 6, 1971
 Date



~~Handled~~
~~Hal Dean~~

SI - will
remain SI?
pending RH comm.

$$\begin{array}{r} 9622\frac{1}{5} \\ 48 \overline{) 110} \end{array}$$

$$\begin{array}{r} 65 \\ 73 \overline{) 48110} \\ \underline{4386} \\ 4250 \\ \underline{3655} \\ 595 \end{array}$$

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR

C. D. MARTIN
PAUL J. KELLY, JR.
J. M. LITTLE

LAW OFFICES
HINKLE, BONDURANT, COX & EATON
600 HINKLE BUILDING
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88201

August 3, 1971

RECEIVED
AUG 4 1971
OIL CONSERVATION COMM.

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith in triplicate application of
The Petroleum Corporation for the creation of a new pool
temporary special field rules and a discovery allowable in
connection with its Petco State Well No. 2 in the Parkway
Wolfcamp Pool.

This matter has been docketed for the examiner's
hearing on August 11 as Case No. 4577.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By Clarence E. Hinkle
CS

CEH:cs
Enc.

RECEIVED

AUG 4 1971

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF THE PETROLEUM CORPORATION
FOR THE CREATION OF A NEW POOL TO BE
DESIGNATED AS THE PARKWAY-WOLFCAMP POOL
DUE TO A DISCOVERY IN THE PETCO STATE
WELL NO. 2 LOCATED IN UNIT N, SECTION 26,
TOWNSHIP 19 SOUTH, RANGE 29 EAST, EDDY
COUNTY, NEW MEXICO, AND FOR TEMPORARY
SPECIAL FIELD RULES INCLUDING 160 ACRE
SPACING AND FOR A DISCOVERY ALLOWABLE.

Case 4577

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes The Petroleum Corporation, whose address is 3303 Lee Parkway, Dallas, Texas 75219, acting by and through the undersigned attorneys, and hereby makes application for the creation of a new pool to be designated as the Parkway-Wolfcamp Pool due to a discovery in the Petco State Well No. 2 located in Unit N, Section 26, Township 19 South, Range 29 East, Eddy County, New Mexico, and for temporary special field rules, including 160 acre spacing, and for a discovery allowable, and in support thereof respectfully shows:

1. That on or about July 4, 1971 applicant completed its Petco State well No. 2 located in Unit N, Section 26, Township 19 South, Range 29 East, Eddy County, at a total depth of 10,685 feet. The well was completed in the Wolfcamp zone or formation and was perforated from 9,622 feet to 9,646 feet with 48 holes. The well was potentialized for 810 barrels of new oil in 24 hours on a 24/64" choke with a tubing pressure of 320 psi, and a gas/oil ratio of 1485 to 1, the gravity of the oil being 49 deg. API at 60 deg. F.

2. There is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A", a plat showing the location of said well and all wells which have been drilled within a radius of 2 miles and the depths and formations from which they are producing, as well as the lease ownership within said area.

3. The well above referred to was drilled as a development well in the Parkway-Strawn Pool heretofore designated under Order R-4093 on January 25, 1971, but failed to encounter production in paying quantities in the Strawn formation and the well was completed

in the Wolfcamp formation which is believed to be a separate pool or formation. Because of the porosity and permeability which has been encountered, it is believed that one well will effectively and efficiently drain 160 acres or more. Applicant further believes that the establishment of temporary special field rules, including 160 acre spacing, would prevent the economic loss caused by the drilling of unnecessary wells and would otherwise prevent waste and protect correlative rights.

4. Due to the fact that said well is a discovery in the Wolfcamp formation, applicant desires that a discovery allowable be assigned to said well in accordance with Rule 509 and in connection therewith applicant is filing with the Commission Form C-109.

5. Applicant requests that this matter be set down for hearing on the examiners docket for August 11, 1971.

Respectfully submitted,

THE PETROLEUM CORPORATION

By 

Member of the Firm of
HINKLE, BONDURANT, COX & EATON
P.O. Box 10
Roswell, New Mexico 88201

Card 4577

DRAFT

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. 4577

Order No. R-4404

R-4181-A

IN THE MATTER OF CASE 4577 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-4181, WHICH ORDER ESTABLISHED SPECIAL RULES
AND REGULATIONS FOR THE PARKWAY-WOLFCAMP POOL, EDDY COUNTY,
NEW MEXICO, INCLUDING A PROVISION FOR 160-ACRE SPACING UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 13, 1972
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of September, 1972, 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 by Order No. R-4181, dated August 17, 1971,
temporary Special Rules and Regulations were promulgated for the
Parkway-Wolfcamp Pool, Eddy County, New Mexico, establishing
160-acre spacing units and ~~an 80-acre~~ ^aproportional factor of
~~4.77~~ ^{6.77} for allowable purposes for a period of one year.

(3) That pursuant to the provisions of Order No. R-4181, this case was reopened to allow the operators in the subject pool to appear and show cause why the Parkway-Wolfcamp Pool should not be developed on 40-acre or 80-acre spacing units, ~~and to show cause why the 80-acre proportional factor of 4.77 should or should not be retained.~~

(4) That no operator in the subject pool appeared to show cause why the Parkway-Wolfcamp Pool should not be developed on 40-acre or 80-acre spacing units, ~~and to show cause why the 80-acre proportional factor of 4.77 should or should not be retained.~~

(5) That ~~only one~~ ^{there are no} wells are presently producing from the subject pool.

(6) That it is not anticipated that additional wells will be drilled in the subject pool.

(7) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 160 acres.

(8) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4181 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Parkway-Wolfcamp Pool, Eddy County, New Mexico, promulgated by Order No. R-4181, are hereby abolished.

(2) 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.

appt.

The Petroleum Corporation

creation new pool

Parkway-Walcamp Pool

Discovery well: Peter State No 2

N of 26-19S-29E Eddy

tempy ^{spec} pool rules incl.

160-acre spec

Clarence Hinkle 7/20

discovery allowable

TD 10685

perf 9622 9646

5
48110

DRAFT

GMH/dr

(10)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

RM
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

*Monardine
Records Center*

CASE No. 4577

Order No. R-*4181*

Don
APPLICATION OF PETROLEUM
CORPORATION FOR THE CREATION
OF A NEW POOL, SPECIAL RULES
THEREFOR, AND DISCOVERY ALLOWABLE,
EDDY COUNTY, NEW MEXICO.

ASJ
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 11, 1971,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of August, 1971, 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, Petroleum Corporation, seeks the
creation of a new oil pool for Wolfcamp produc-
tion in Eddy County, New Mexico, and the assignment of an oil
discovery allowable in the amount of approximately 48,110 barrels
to the discovery well.
- (3) That the applicant also seeks the promulgation of
special rules for said pool, including a provision for 160-
acre proration units.

-2-

CASE NO. 4577

Order No. R-

(4) That the evidence presently available indicates that Petco State Well No. 2, located in Unit N of Section 26, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, has discovered a separate common source of supply which should be designated the Parkway-Wolfcamp Pool; that the vertical limits of said pool should be the Wolfcamp formation, and that the horizontal limits of said pool should be the SW 1/4 of said Section 26.

(5) That the discovery well for the aforesaid pool, Petco State Well No. 2, located in Unit N of Section 26, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 48,110 barrels, based upon the top perforations in said well at 9622 feet, to be assigned over a two-year period.

(6) 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 should be promulgated for the Parkway-Wolfcamp Pool.

(7) 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.

-3-

CASE NO. 4577
Order No. R-

(8) 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.

(9) That this case should be reopened at an examiner hearing in September 1972 at which time the operators in the subject pool should be prepared to appear and show cause why the Parkway-Wolfcamp Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as an oil pool for ~~Parkway~~-Wolfcamp production, is hereby created and designated the Parkway-Wolfcamp Pool, with vertical limits comprising the wolfcamp formation and horizontal limits comprising the following-described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 26: SW14

(2) That the aforesaid discovery well is hereby authorized an oil discovery allowable of 48110 barrels to be assigned to said well at the rate of 66 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That temporary Special Rules and Regulations for the Parkway-Wolfcamp Pool, Eddy County, New Mexico, are hereby promulgated as follows:

-4-

CASE NO. 4577

Order No. R-

SPECIAL RULES AND REGULATIONS
FOR THE
PARKWAY-WOLFCAMP POOL

RULE 1. Each well completed or recompleted in the Parkway-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Wolfcamp 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 State 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 nearer than 660 feet to the outer boundary of the proration unit boundary and no nearer than 330 feet to any governmental quarter-quarter section line.

-5-

CASE NO. 4577

Order No. R-

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 a 160-acre proportional factor of ~~1.67~~ ^{6.77} 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.

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.

RULE 7. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced, ~~until such time as the pool has a gas gathering facility and thereafter the limiting gas-oil ratio shall be 3000 cubic feet of gas for each barrel of oil produced.~~

-6-

CASE NO. 4577

Order No. R-

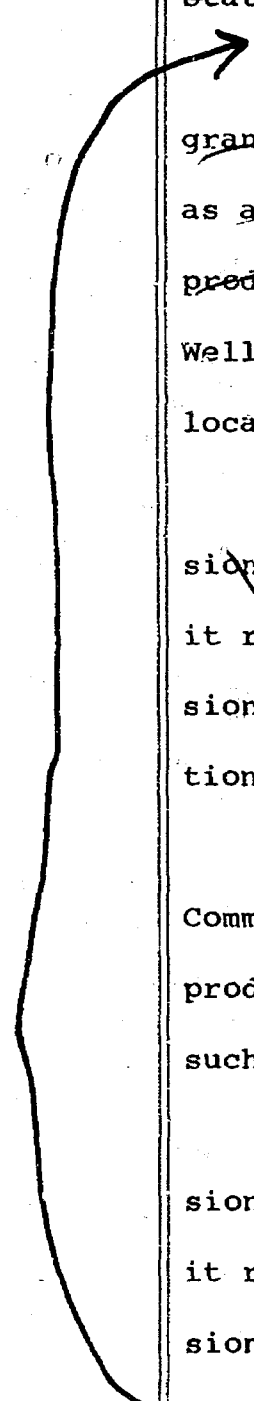
IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Parkway-Wolfcamp Pool or in the Wolfcamp 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 Commission in writing of the name and location of the well on or before September 1971

(2) That, pursuant to Paragraph A. of Section 65-3-14-5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Parkway-Wolfcamp Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission 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 Parkway-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in September 1972, at which time the operators in the subject pool may appear and show cause why the Parkway-Wolfcamp Pool should not be developed on 40-acre or 80-acre spacing units, ~~and why the limiting gas-oil ratio should not revert to the~~
~~Statewide limit of 2000 to one.~~

 (4) ~~That the applicant, Petroleum Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its aforesaid Petco State Well No. 2, Parkway-Wolfcamp Pool, in an unlined surface pit located in the vicinity of said well;~~

PROVIDED HOWEVER, that the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such rescission would serve to protect fresh water supplies from contamination.

(5) ~~That the applicant is hereby granted an exception to Commission Order No. _____ to flare or vent casinghead gas produced by the above-described Petco State Well No. 2 until such time as the Parkway-Wolfcamp Pool has a gas gathering facility;~~

PROVIDED HOWEVER, that the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such rescission would serve to prevent waste or protect correlative rights.

(4) That the above-described Petco State Well No. 2 shall not be produced until such time as it has been connected to a gas gathering facility.

-8-

CASE NO. 4577

Order No. R-

(5) ~~(2)~~ 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 herein-
above designated.