

*Entered March 23, 1961
W.P.*

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. 2206
Order No. R-1906

APPLICATION OF THE OHIO OIL COMPANY
FOR PERMISSION TO TRANSFER ALLOWABLES
IN THE LEA UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 3, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 17th day of March, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, The Ohio Oil Company, is the operator of the Lea Unit as approved by Order No. R-1540.

(3) That applicant's Lea Unit Well No. 1, located in the NW/4 SW/4 of Section 12, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, is presently completed in the Bone Springs and Devonian formations; that applicant's Lea Unit Well No. 2, located in the SE/4 NW/4 of said Section 12 is presently drilling as a projected dual completion in the Bone Springs and Devonian formations; that applicant's Lea Unit Well No. 4, located in the SE/4 NE/4 of Section 11, Township 20 South, Range 34 East, is also presently drilling as a projected dual completion in the Bone Springs and Devonian formations; and that applicant is either currently drilling or is contemplating certain other wells in the Bone Springs and Devonian formations within said Lea Unit Area.

(4) That the applicant seeks permission to conduct interference tests among the above-described wells in the Lea Unit by (a) shutting-in Well No. 1 in either or both formations and

transferring its allowable to Well No. 2, or to other wells, when completed, in either or both formations, respectively; and (b) by shutting-in Well No. 4, when completed, in either or both formations and transferring its allowable to Well No. 2, or to other wells, when completed, in either or both formations, respectively.

(5) That the applicant should be authorized to follow the procedure specified in (4) (a) above effective the date Well No. 1 is shut-in or on the date the well receiving any such transferred allowable has been authorized an allowable as a completed producer, whichever date is later.

(6) That any transfer of allowable from Devonian wells should be made to Devonian wells, and any transfer of allowable from Bone Springs wells should be made to Bone Springs wells. Further, that no transfer of allowable should occur among any wells until all wells involved in such transfer are in an approved participating area, or an approved expansion thereof, for the subject zone of transfer, unless such participating area or any revision thereof shall be made retroactive at least to the date of such transfer.

(7) That a Form C-116 should be filed with the Commission monthly on each well producing any portion of the allowable of a shut-in well with the quantities of oil, gas, and water produced during a 24-hour period at the then current daily rate of production indicated thereon.

(8) That the allowable transfer provisions of this order should terminate at 7:00 a.m., January 1, 1962.

(9) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, The Ohio Oil Company, is hereby authorized to transfer allowables in the Lea Unit, Lea County, New Mexico, according to the following provisions:

(a) The Lea Unit Well No. 1, located in the NW/4 SW/4 of Section 12, Township 20 South, Range 34 East, may be shut-in in either or both the Bone Springs and Devonian formations and the allowable transferred to the Lea Unit Well No. 2, located in the SE/4 NW/4 of said Section 12, when completed, in either or both formations, respectively.

(b) The Lea Unit Well No. 4, located in the SE/4 NE/4 of Section 11, Township 20 South, Range 34 East, may be shut-in in either or both the Bone Springs and Devonian formations, when

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completed, and the allowable transferred to the above-described Lea Unit Well No. 2 in either or both formations, respectively.

PROVIDED HOWEVER, That applicant may transfer the allowables, or portions thereof, of the aforesaid Lea Unit Well No. 1 and No. 4 to wells within the Lea Unit Area other than the aforesaid Lea Unit Well No. 2 which are not within 660 feet of the Lea Unit Boundary, provided administrative approval of such transfer has been obtained from the Secretary-Director of the Commission.

PROVIDED FURTHER, That any transfer of allowable from Devonian wells shall be made only to Devonian wells, and any transfer of allowable from Bone Springs wells shall be made only to Bone Springs wells. Provided further, that no transfer of allowable shall occur among any wells not within an approved participating area, or an approved expansion thereof, for the subject zone of transfer, unless such participating area or any revision thereof shall be made retroactive at least to the date of such transfer.

(2) That a Form C-116 shall be filed with the Commission monthly on each well producing any portion of the allowable of a shut-in well with the quantities of oil, gas, and water produced during a 24-hour period at the then current daily rate of production indicated thereon.

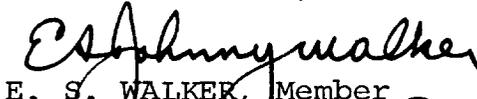
(3) That this order shall become effective immediately but that no allowable transfer provisions contained herein shall become effective until the date the test well is shut-in or the date the well or wells receiving the transferred allowable have been authorized an allowable as a completed well, whichever date is later. Provided further, that this order and the allowable transfer provisions contained herein shall expire at 7:00 o'clock a.m., January 1, 1962.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

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