

Entered September 11, 1961
R.F.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. 2345
Order No. R-2049

APPLICATION OF CONTINENTAL OIL
COMPANY FOR THE ESTABLISHMENT
OF SPECIAL RULES AND REGULATIONS
FOR THE RATTLESNAKE-PENNSYLVANIAN
POOL, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 9, 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 29th day of August, 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 Rattlesnake-Pennsylvanian Pool was originally discovered in the year 1929, but was abandoned in the year 1940 due to extremely complex and expensive production problems. Said pool was rediscovered in December, 1960, and it appears that considerable reserves remain to be produced from said pool.
- (3) That the applicant, Continental Oil Company, seeks the establishment of Special Rules and Regulations for said pool, including a provision establishing 80-acre proration units therein.
- (4) That the evidence available at this time indicates that it will be uneconomical to develop the pool on 40-acre proration units due to the high cost of drilling, equipping, and producing the wells.
- (5) That 80-acre proration units should be established in said pool with an 80-acre proportional factor of 2.77.

(6) That this case should be reopened in August, 1962, at which time the applicant should be permitted to appear, and, by pressure interference tests or such other tests as may be conducted, show cause why the subject pool should not be developed on 40-acre proration units.

(7) That the horizontal limits of the subject pool should be redefined to include only the SW/4 of Section 1 and the E/2 of Section 2, Township 29 North, Range 19 West, NMPM, San Juan County, New Mexico.

IT IS THEREFORE ORDERED:

(1) That Temporary Special Rules and Regulations for the Rattlesnake-Pennsylvanian Pool are hereby promulgated as follows, effective September 1, 1961:

SPECIAL RULES AND REGULATIONS
FOR THE
RATTLESNAKE-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Rattlesnake-Pennsylvanian Pool or in the Lower Paradox formation within one mile of the Rattlesnake-Pennsylvanian Pool shall be spaced, drilled, operated and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Rattlesnake-Pennsylvanian Pool shall be located on a unit containing approximately 80 acres, which consists of any two contiguous quarter-quarter sections of a single governmental quarter section. For purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit.

RULE 3. Each well projected to or completed in the Rattlesnake-Pennsylvanian Pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit; 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 80-acre unit.

RULE 4. For good cause shown, the Secretary-Director may grant an exception to Rule 2 without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit is to consist of a single quarter-quarter section or lot.
- (2) The non-standard unit consists of not more than 81 acres.

- (3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators.
- (5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

RULE 5. The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two lots or tracts comprising less than 79 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

RULE 6. The allowable assigned to any non-standard proration unit shall bear the same ratio to a standard allowable in the Rattlesnake-Pennsylvanian Pool as the acreage in the non-standard unit bears to 80 acres.

RULE 7. An 80-acre proration unit (79 through 81 acres) in the Rattlesnake-Pennsylvanian Pool shall be assigned an 80-acre proportional factor of 2.77 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 said wells in any proportion.

RULE 8. Operators who propose to dedicate 80 acres to a well in the Rattlesnake-Pennsylvanian Pool must file an amended Commission Form C-128 with the Commission or the Aztec District Office of the Commission by September 15, 1961, in order that the well may be assigned an 80-acre allowable on the October proration schedule.

RULE 9. Operators, in order to make communication tests, are hereby permitted to shut-in one of the wells completed in said pool and to transfer its allowable to any other completed well or wells on the same basic lease which are producing from said pool. Provided, however, that such allowable transfer shall be limited to a period not to exceed one year.

(2) That this case shall be reopened in August, 1962, at which time the applicant may appear and show cause why the subject pool should not be developed on 40-acre proration units.

-4-

CASE No. 2345
Order No. R-2049

(3) That the horizontal limits of the Rattlesnake-Pennsylvanian Pool are hereby redefined to include only the SW/4 of Section 1 and the E/2 of Section 2, Township 29 North, Range 19 West, NMPM, San Juan County, New Mexico.

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

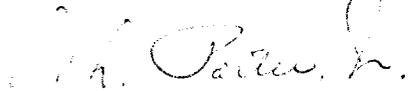
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

S E A L

esr/