

*Entered February 8, 1962
R.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. 2469
Order No. R-2175

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR THE ESTABLISHMENT OF
SPECIAL RULES AND REGULATIONS FOR
THE LUSK-STRAWN POOL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1962, 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 30th day of January, 1962, 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, El Paso Natural Gas Company, seeks the establishment of special rules and regulations for the Lusk-Strawn Pool, Lea County, New Mexico, including provisions for 160-acre oil proration units and for a limiting gas-oil ratio of 4000 : 1.
- (3) That the evidence presented by the applicant concerning the drainage characteristics of the reservoir indicates that good communication exists and that one well can drain in excess of 40 acres.
- (4) That the evidence presented by the applicant concerning the economics of drilling in the subject pool reflects that development on 80-acre proration units will be unprofitable; that this evidence is based, in part, upon well costs which appear to the Commission to be excessive and upon recoverable reserves which appear to the Commission to be too conservative.

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(5) That, in the opinion of the Commission, the subject pool can be efficiently and economically drained and developed on 80-acre proration units.

(6) That the application for 160-acre oil proration units in the subject pool should be denied.

(7) That inasmuch as the solution gas-oil ratio in the subject pool is 3084 : 1, a limiting gas-oil ratio of 4000 : 1 is justified.

(8) That special rules and regulations should be established for the Lusk-Strawn Pool providing for 80-acre oil proration units and for a limiting gas-oil ratio of 4000 : 1.

(9) That to prevent the flaring of an undue amount of casinghead gas, the allowable and gas-oil ratio provisions of the special rules should be made effective on the date all wells in the subject pool are connected to a casinghead gas gathering facility.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company for the establishment of 160-acre oil proration units in the Lusk-Strawn Pool, Lea County, New Mexico, is hereby denied.

(2) That special rules and regulations for the Lusk-Strawn Pool in Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE LUSK-STRAWN POOL

RULE 1. Each well completed or recompleted in the Lusk-Strawn Pool or in the Strawn formation within one mile of the Lusk-Strawn Pool, and not nearer to nor within the limits of another designated Strawn 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 Lusk-Strawn Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2 or W/2 of a single 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 said 80-acre unit.

RULE 3. The initial well on any 80-acre unit in said pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit on which the well is located.

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Any well which was drilling to or recompleted in the Lusk-Strawn Pool prior to January 4, 1962, is granted an exception to the well location requirements of this Rule.

RULE 4. For good cause shown, the Secretary-Director may grant exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Lusk-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the Lusk-Strawn Pool shall be assigned an 80-acre proportional factor of 6.67 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 in any proportion.

RULE 6. The limiting gas-oil ratio in the Lusk-Strawn Pool shall be 4000 : 1.

PROVIDED HOWEVER, That the provisions of Rules 5 and 6 shall not become effective until such time as all wells in the subject pool are connected to a casinghead gas gathering system.

(3) 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



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

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