

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. 4703
Order No. R-4314

APPLICATION OF CONTINENTAL OIL
COMPANY FOR SPECIAL POOL RULES,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 5, 1972,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 31st day of May, 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 the applicant, Continental Oil Company, seeks
the promulgation of special rules and regulations for the West
Lindrieth Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico,
including provisions for 160-acre spacing and proration units,
oil well and gas well classification, and a gas-oil ratio limita-
tion of 10,000 cubic feet of gas per barrel of oil.

(3) That the applicant has established that one well in the
West Lindrieth Gallup-Dakota Oil Pool can efficiently and economical-
ly drain and develop 160 acres.

(4) That there is no necessity for the special classifica-
tion of oil and gas wells as requested by the applicant.

(5) That there is no necessity for the adoption of a
gas-oil ratio limitation in excess of 2,000 cubic feet of gas
per barrel of oil.

(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, special rules and regulations providing
for 160-acre spacing units should be promulgated for the West
Lindrieth Gallup-Dakota Oil Pool.

(7) That the 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 special rules and regulations for the West Lindrith Gallup-Dakota Oil Pool should apply only to wells located within the horizontal limits of said pool.

IT IS THEREFORE ORDERED:

That, effective July 1, 1972, Special Rules and Regulations for the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
WEST LINDRITH GALLUP-DAKOTA OIL POOL

RULE 1. Each well completed or recompleted in the West Lindrith Gallup-Dakota 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.

RULE 4. Each well shall be located no nearer than 330 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line nor nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

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