

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 203
ORDER NO. R-1

IN THE MATTER OF THE APPLICATION OF
SANTA FE PACIFIC RAILROAD COMPANY AND
OIL DEVELOPMENT COMPANY OF TEXAS FOR
AN ORDER ALLOWING AN EXCEPTION FROM
ORDER 779 DATED JULY 27, 1948, RELATING
TO 80-ACRE SPACING, CROSSROADS POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing on November 22, 1949, on the application of Santa Fe Pacific Railroad Company and Oil Development Company of Texas for an exception to Order No. 779 heretofore issued on July 27, 1948, providing for spacing in the Crossroads Pool, Lea County, New Mexico.

The Commission having heard the evidence presented, the argument of counsel and having taken the case under advisement,

FINDS:

1. It has jurisdiction of this case and the parties interested therein, due notice of the hearing having been given.
2. Santa Fe Pacific Railroad Company is the owner of the minerals under NW/4 Section 27, Township 9 south, Range 36 east, Lea County, New Mexico and Oil Development Company of Texas is the owner of an oil and gas lease thereon.
3. At the time of the entry of Order No. 779, referred to above, the available evidence, based on one well, indicated the Devonian formation would produce from a large area but since such time seven additional wells have been drilled in the Crossroads Pool from the results of which it is apparent that
 - a. Production from the Devonian formation in the Crossroads pool will cover a much smaller area than originally indicated.
 - b. A fault exists in the Devonian formation which causes the W/2 W/2 Section 27, Township 9 south, Range 36 east to be non-productive in that formation.
4. Pursuant to the spacing pattern approved by Order No. 779, Mid-Continent Petroleum Corporation has completed and is now producing wells adjacent to the NW/4 Section 27, Township 9 south, Range 36 east, located as follows:
 - a. In NE SW Section 27, Township 9 south, Range 36 east on proration and drilling unit covering N/2 SW Section 27, Township 9 south, Range 36 east.
 - b. In SW NE Section 27, Township 9 south, Range 36 east, on proration and drilling unit covering S/2 NE/4 Section 27, Township 9 south, Range 36 east.

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

5. Also pursuant to the spacing pattern approved in Order No. 779 Oil Development Company of Texas has drilled a well at a cost of more than \$300,000.00 in SW/4 NW/4 Section 27, Township 9 south, Range 36 east, which well was a dry hole, being located west of the fault referred to in 3b above.

6. Unless applicants are permitted to drill a well in SE/4 NW/4 Section 27, Township 9 south, Range 36 east, large quantities of oil under said tract may be drained by offset wells, which drainage cannot be compensated for by counter-drainage, and which will result in confiscation of the property of applicants.

7. In order to prevent confiscation, meet changed conditions, preclude inequities and preserve correlative rights, the applicants should be granted an exception from Order No. 779.

IT IS THEREFORE ORDERED:

1. Proration and drilling units in NW/4 Section 27, Township 9 south, Range 36 east are hereby changed so as to make W/2 NW/4 Section 27 one unit and E/2 NW/4 Section 27 another unit, with well locations to be in the center of the NW/4 NW/4 and the center of SE/4 NW/4.

2. Any wells completed as producers from the Devonian formation on the proration and drilling units set forth above shall be given a daily oil allowable equal to that of other wells of like depth range in the Crossroads Pool.

DONE at Santa Fe, New Mexico, on the 11th day of January, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


THOMAS J. MABEY, CHAIRMAN


GUY SHEPARD, MEMBER


R. R. SPURRIER, SECRETARY

