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CASE 324
NEW MEXICO OIL CONSERVATION COMMISSION HEARING
NOVEMBER 20, 1951

"Case 324:

In the matter of the application of The Texas Company for an order approving an unorthodox location for its State AR Well No. 1, 660 feet south of the north line and 1980 feet east of the west line of Section 2, Township 11 South, Range 37 East, NMPM, Lea County, New Mexico, and for unitization for proration purposes of Lot 3, Section 2, Township 11 South, Range 37 East, NMPM, Lea County, New Mexico comprising 18.52 acres, more or less."

The location of The Texas Company's State of New Mexico "AR" Well No. 1 was staked 660 feet from the north line and 1980 feet from the west line of Section 2, T-11-S, R-37-E, Lea County, New Mexico. This was intended to be a regular location and would have been had a full section existed. On March 30, 1951, Form C-101, Notice of Intention to Drill, was received and approved by Mr. Roy Yarborough, Oil and Gas Inspector. On September 7, 1951, following the potential test, The Texas Company received a letter from Mr. A. L. Porter setting an allowable of 301 barrels per day for the well effective September 1, 1951. The well had been producing subsequent to that date in accordance with the allowable granted effective September 1.

When other operators became active offsetting this lease, the location was further investigated and found to not be in conformance with Rule 104 which states that "any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter section or lot being a legal subdivision of the U. S. Public Land Survey." Mr. A. L. Porter brought this fact to the attention of The Texas Company's Midland Office and as a result this hearing was requested.

As shown in Exhibits A and B, there is a row of odd size sections extending across Lea County including Section 2, T-11-S, R-37-E, upon which the well in question was drilled. Each section consists of a full south half but the north half is only approximately 600 feet wide. Therefore a well located 660 feet from the north line of the section will actually be some 47 feet south of the regular subdivision marking the south half of the section. The Texas Company's State of New Mexico "AR" Lease consists of 117.1 acres in the form of a rectangle. Two regular sized 40-acre units (N/2 of SW/4 of Section 2) make up the southern portion of the lease, whereas an additional 37 acres makes the northern portion of the lease. In order to avoid the necessity for special hearings to drill on the narrow 37-acre portion of our lease, it is recommended that the 37 acres be evenly divided and, for proration purposes, be considered a portion of the two regular 40-acre units in the southern portion of the lease. Therefore, The Texas Company's State of New Mexico "AR" Lease would consist of two 58.6-acre tracts for proration purposes.

In order to avoid drilling more than two wells upon the 117.1 acres included in this portion of The Texas Company's State of New Mexico "AR" Lease, it is requested that the portion be divided into two proration units containing 58.6 acres each and that the allowable for any well drilled on either of the two proration units be given an allowable equal to $58.6/40 \times 5.67 \times$ normal unit allowable for The Texas Company's State of New Mexico "AR" Well No. 1. The 18.5 acres lying in the lot north of the

NE/4 of the SW/4 of Section 2, T-11-S, R-37-E, will be included for proration purposes and thus the allowable for the well will be calculated as requested above.