

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. 1220  
Order No. R-991

APPLICATION OF AMERADA PETROLEUM  
COMPANY FOR AN ORDER PROMULGATING  
RULES AND REGULATIONS RELATING TO  
GAS POOL DELINEATION, GAS PRORATION,  
AND OTHER RELATED MATTERS AFFECTING  
OR CONCERNING THE GAS POOLS IN THE  
PENNSYLVANIAN ZONE, BAGLEY 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 March 14, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 5<sup>th</sup> day of May, 1957, the Commission, a quorum being present, having considered the application and the testimony adduced, 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 case and the subject matter thereof.

(2) That on November 10, 1955, the Commission issued Order No. R-713 creating the Bagley-Pennsylvanian Gas Pool, the vertical limits of which comprise the Pennsylvanian formation.

(3) That development subsequent to the issuance of Order R-713 has shown that there are two separate common sources of supply of gas within the Pennsylvanian formation in the subject area, one being referred to as the "8600-foot" or "Upper" zone and the other being referred to as the "9800-foot" or "Lower" zone.

(4) That all wells producing from the Bagley-Pennsylvanian Gas Pool, as the same is presently defined, are completed in the "9800-foot" zone.

(5) That the vertical limits of the Bagley-Pennsylvanian Gas Pool should be restricted to the "9800-foot" zone and that the horizontal limits should be extended to include the other wells in the area producing from the same zone.

(6) That the name of the Bagley-Pennsylvanian Gas Pool should be changed to "Bagley-Lower Pennsylvanian Gas Pool" in order to more accurately reflect the vertical limits of said pool.

(7) That a new gas pool should be created for the common source of supply known as the "8600-foot" or "Upper" zone of the Pennsylvanian formation and that said pool should be designated the "Bagley-Upper Pennsylvanian Gas Pool."

(8) That under present conditions proration of gas is not necessary in either of the aforementioned pools.

(9) That the applicant has failed to prove that one well in either of the aforementioned gas pools will drain 640 acres.

(10) That Special Rules and Regulations should be promulgated to govern the drilling, spacing and operation of wells completed in the Bagley-Upper Pennsylvanian Gas Pool and the Bagley-Lower Pennsylvanian Gas Pool.

(11) That provision should be made in said rules and regulations to assure ratable take of gas from all wells in either of the aforementioned common sources of supply.

(12) That on December 9, 1949, the Commission issued Order 850 defining the Bagley-Pennsylvanian Pool as an oil pool, the vertical limits of which comprise the Pennsylvanian formation.

(13) That the aforementioned "8600-foot" and "9800-foot" gas zones underlie certain portions of the horizontal limits of the said Bagley-Pennsylvanian Oil Pool as the same are presently defined.

(14) That the vertical limits of the Bagley-Pennsylvanian Oil Pool should be restricted to that interval lying between the two aforementioned gas zones.

(15) That no dry gas or casinghead gas produced from the Bagley-Upper Pennsylvanian Gas Pool, the Bagley-Lower Pennsylvanian Gas Pool, or the Bagley-Pennsylvanian Oil Pool should be flared or vented unless specifically authorized by the Commission after notice and hearing.

IT IS THEREFORE ORDERED:

(1) That a new pool for the production of gas from the upper Pennsylvanian formation be and the same is hereby created and designated as the Bagley-Upper Pennsylvanian Gas Pool, with vertical and horizontal limits as are set forth in Exhibit "A" attached hereto and made a part hereof.

(2) That the vertical limits of the Bagley-Pennsylvanian Oil Pool, as heretofore classified, defined, and described, be and the same are hereby redefined as set forth in Exhibit "B" attached hereto and made a part hereof.

(3) That the vertical limits and the horizontal limits of the Bagley-Pennsylvanian Gas Pool, as heretofore classified, defined, and described, be and the same are hereby redefined as set forth in Exhibit "C" attached hereto and made a part hereof. Further that the name of said Bagley-Pennsylvanian Gas Pool be and the same is hereby changed to Bagley-Lower Pennsylvanian Gas Pool.

(4) That the special pool rules applicable to the Bagley-Upper Pennsylvanian Gas Pool and the Bagley-Lower Pennsylvanian Gas Pool be and the same are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
BAGLEY-UPPER PENNSYLVANIAN GAS POOL  
AND THE  
BAGLEY-LOWER PENNSYLVANIAN GAS POOL

**RULE 1.** Any well drilled a distance of one mile or more outside the boundary of either the Bagley-Upper Pennsylvanian Gas Pool or the Bagley-Lower Pennsylvanian Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Bagley-Upper Pennsylvanian Gas Pool or the Bagley-Lower Pennsylvanian Gas Pool shall be spaced, drilled and operated in accordance with the regulations in effect in said Bagley-Upper Pennsylvanian Gas Pool provided said well is projected to and/or completed in the so-called "8600-foot" zone, or in accordance with the regulations in effect in said Bagley-Lower Pennsylvanian Gas Pool provided said well is projected to and/or completed in the so-called "9800-foot" zone.

**RULE 2.** (a) Each well drilled or recompleted within the limits of the Bagley-Upper Pennsylvanian Gas Pool or the Bagley-Lower Pennsylvanian Gas Pool shall be drilled, spaced and operated in accordance with the applicable provisions of Rule 104 of the Commission Rules and Regulations; provided, however, that a non-standard drilling unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (b) of this rule.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 2 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with.

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections or lots.

2. The non-standard proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

5. That applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

6. In lieu of Paragraph 5 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application, if, after a period of 30 days following the mailing of said notice, no operator has made objection to the formation of such non-standard gas proration unit.

**RULE 3.** Each gas purchaser in the Bagley-Upper Pennsylvanian or the Bagley-Lower Pennsylvanian Gas Pools shall take ratably from all wells producing from each common source of supply, apportioning its takes during any given calendar year among said wells on the basis of the acreage dedicated thereto.

**RULE 4.** No natural gas nor casinghead gas produced from either the Bagley-Upper Pennsylvanian Gas Pool or the Bagley-Lower Pennsylvanian Gas Pool shall be flared or vented unless specifically authorized by the Commission after notice and hearing.

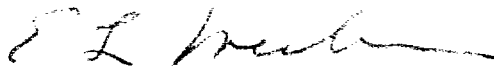
**RULE 5.** The monthly gas production from each well shall be metered separately and the gas production and associated liquid hydrocarbon production therefrom shall be reported to the Commission in accordance with the applicable Commission Rules and Regulations.

IT IS FURTHER ORDERED:

That no natural gas nor casinghead gas produced from the Bagley-Pennsylvanian Oil Pool shall be flared or vented unless specifically authorized by the Commission after notice and hearing.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



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EXHIBIT "A"

BAGLEY-UPPER PENNSYLVANIAN GAS POOL

The Horizontal Limits of the Bagley-Upper Pennsylvanian Gas Pool shall be as follows:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM  
Section 3: N/2 and SE/4

The vertical limits of the Bagley-Upper Pennsylvanian Gas Pool shall be as follows:

Minus 4250 feet to minus 4510 feet subsea datum.

EXHIBIT "B"

BAGLEY-PENNSYLVANIAN OIL POOL

The vertical limits of the Bagley-Pennsylvanian Oil Pool shall be as follows:

Minus 4600 feet to minus 5200 feet subsea datum.

EXHIBIT "C"

BAGLEY-LOWER PENNSYLVANIAN GAS POOL

The horizontal limits of the Bagley-Lower Pennsylvanian Gas Pool shall be as follows:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM  
Section 33: SE/4

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM  
Section 3: NW/4  
Section 4: NE/4

The vertical limits of the Bagley-Lower Pennsylvanian Gas Pool shall be as follows:

Minus 5400 feet to minus 5620 feet subsea datum.