

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. 1467
Order No. R-1234

APPLICATION OF CONTINENTAL OIL
COMPANY FOR THE ESTABLISHMENT
OF THE WARREN-TUBB GAS POOL IN
LEA COUNTY, NEW MEXICO, AND FOR
THE PROMULGATION OF SPECIAL RULES
AND REGULATIONS FOR SAID POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 11, 1958, 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 6th day of August, 1958, 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, Continental Oil Company, is the owner and operator of the Warren Unit "BT" No. 8 Well, located 1980 feet from the South line and 1980 feet from the East line of Section 28, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, which well discovered a new gas pool in the Tubb formation when it was completed in said formation January 27, 1957. The top of the perforations in said formation is at 6360 feet.

(3) That the applicant now requests that the Commission designate the above-described pool as the "Warren-Tubb Gas Pool" with horizontal limits comprising the E/2 of said Section 28, and the vertical limits extending from the "Tubb Marker" downward to the top of the Drinkard formation.

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(4) That the "Tubb Marker" shall be that point encountered in the Humble Oil and Refining Company State 'S' Well No. 20 SW/4 NW/4 Section 2, Township 22 South, Range 37 East, NMPM, at a depth of 5921 feet (Elevation 3380, Subsea Datum Minus 2541).

(5) That the applicant further proposes that Special Rules and Regulations be adopted for the Warren-Tubb Gas Pool.

(6) That the Warren-Tubb Gas Pool should be created as requested by the applicant; provided however, the horizontal limits should be restricted to the SE/4 of said Section 28 inasmuch as the NE/4 of said section has not yet been proven to be productive of gas from the same common source of supply.

(7) That no evidence was presented to justify a change in the size of the standard gas proration unit in the Warren-Tubb Gas Pool from the 160-acre unit prescribed by the statewide Rules and Regulations.

(8) That Special Rules and Regulations should be promulgated for the Warren-Tubb Gas Pool in order to prevent waste and protect correlative rights.

(9) That under present conditions, proration of gas is not necessary in the Warren-Tubb Gas Pool.

(10) That gas purchases from the Warren-Tubb Gas Pool should be on a ratable basis with gas purchases from the Tubb Gas Pool.

IT IS THEREFORE ORDERED:

(1) That a new gas pool for Tubb production, be and the same is hereby created and designated as the Warren-Tubb Gas Pool, with vertical and horizontal limits as shown on Exhibit "A" attached hereto and made a part hereof.

(2) That gas purchases from the Warren-Tubb Gas Pool shall be on a ratable basis with gas purchases from the Tubb Gas Pool.

(3) That special rules and regulations applicable to the Warren-Tubb Gas Pool be and the same are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE WARREN-TUBB GAS POOL

Acreege Requirements for Drilling Tracts:

RULE 1. Any well drilled to the Tubb formation within one mile of the boundary of the Warren-Tubb Gas Pool and not nearer to

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nor within the boundaries of another designated Tubb pool, shall be spaced, drilled, and operated in accordance with the regulations in effect in the Warren-Tubb Gas Pool.

RULE 2 (A) Wells shall be drilled on a tract consisting of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal sub-division (quarter section) of the United States Public Land Surveys.

Non-standard drilling units may be formed after notice and hearing or under the provisions of paragraph (B) of this rule.

Any unit containing between 158 and 162 acres shall be considered to contain 160 acres for purposes of these rules.

(B) The Secretary-Director 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 proposed non-standard unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U.S. Public Land Surveys.

2. The non-standard unit consists of contiguous quarter-quarter sections and/or lots.

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

4. The entire non-standard unit may reasonably be presumed to be productive of gas from the Warren-Tubb Gas Pool.

5. The applicant presents written consent in the form of waivers from:

- (a) All operators owning acreage in the quarter section in which any part of the non-standard unit is situated, which acreage is not included in said non-standard unit.

- (b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of sub-paragraph 5 of this rule, the applicant may furnish proof of the fact that said operators were notified by registered mail of his intent to form such non-standard 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 formation of such non-standard unit.

Well Location Requirements:

RULE 3 (A) Wells shall be located at least 660 feet from the outer boundaries of the drilling tract and no closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(B) The Secretary-Director of the Commission shall have authority to grant exception to Rule 3 (A) without notice and hearing where the application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The necessity for the unorthodox location is based on topographical conditions or the recompletion of an existing well, and

2. (a) The ownership of all oil and gas leases within a radius of 660 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, or

(b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

(c) In lieu of paragraph 2 (b) of this rule the applicant may furnish proof of the fact that said operators were notified by registered mail of his intent to drill an unorthodox location. The Secretary-Director of the Commission may approve the application if, after a period of twenty days following the mailing of said notice, no operator has made objection to the drilling of the unorthodox location.

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RULE 4. When filing Form C-101, "Notice of Intention to Drill," or USGS Form 9-331-a (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104. Accompanying the above form shall be a plat (Form C-128) of the acreage contained in the unit showing the ownership of the dedicated acreage.

RULE 5. If the acreage assigned to a well is changed, the operator shall immediately notify the District Supervisor and Secretary-Director in writing of such change.

RULE 6. Each gas purchaser in the Warren-Tubb Gas Pool shall take ratably from all gas wells in the pool, apportioning its takes during any given calendar year among said wells on the basis of the acreage dedicated thereto.

RULE 7. No natural gas nor casinghead gas produced from the Warren-Tubb Gas Pool shall be flared or vented unless specifically authorized by the Commission after notice and hearing.

RULE 8. 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.

RULE 9. Shut-in pressure tests shall be conducted annually during the month of October on all wells in the Warren-Tubb Gas Pool. Prior to taking such tests, the well shall be:

(a) produced a minimum of 24 hours at a rate of flow high enough to clear the well of liquids.

(b) shut-in for not less than 69 hours nor more than 75 hours.

The results of such tests shall be reported to the Commission on Form C-124 on or before the 15th day of November. The Secretary-Director of the Commission may grant an exception to the above shut-in requirement if, in his opinion, such shut-in would cause injury to the well.

RULE 10. Gas produced from each well in the Warren-Tubb Gas Pool shall be produced into a separate high-pressure separator. The high-pressure gas shall then be metered separately prior to entering a gas transportation facility.

RULE 11. The distillate separated from the high-pressure gas in the high-pressure separator shall then be directed into a low-pressure separator. The distillate may be commingled with other

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distillate produced by any other well or wells producing from the Warren-Tubb or Warren-Blinbry Gas Pools on the same basic lease following separation from the high-pressure gas in the high-pressure separator, provided gas-distillate test facilities are available and periodic tests are made.

Following the separation of distillate and low-pressure gas in the low-pressure separator, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from other low-pressure gas produced on the lease, provided that adequate test facilities are available and periodic tests made.

RULE 12. Each year during the month of October the operator of each gas well producing from the Warren-Tubb Gas Pool shall cause to be taken an annual gas-distillate ratio test. The results of such test shall be submitted to the Commission office (P. O. Box 2045, Hobbs, New Mexico) on or before November 15. The test shall outline the amount of high-pressure gas produced during the 24-hour test period, the amount of distillate produced during the test period, the amount of low-pressure gas produced during the test period, the high-pressure gas-distillate ratio, and the low-pressure gas-distillate ratio. Failure to submit the required test by November 15 will subject the well to shut-in until the date the required information is submitted.

RULE 13. In submitting Form C-115 (Operator's Monthly Report) for wells producing from the Tubb and Blinbry zones in which distillate is commingled and/or the low-pressure gas is commingled on the lease, the operator shall measure or estimate the volumes produced by each well in each pool by using the ratios as reflected by the most recent tests.

RULE 14. The Secretary-Director of the Commission shall have authority to grant exception to the provisions set forth in Rule 10 through Rule 13, inclusive, where it can be shown that compliance with these rules is un-economic or impractical. Applications for exception shall be submitted in triplicate to the Oil Conservation Commission, P. O. Box 871, Santa Fe, New Mexico, with a copy of each application being furnished offset operators.

RULE 15. Low-pressure gas produced by any gas well in the Warren-Tubb Gas Pool shall not be charged to said well in determining its ratable share of the pool production.

RULE 16. An oil well in the Warren-Tubb Gas Pool shall be defined as a well which produced hydrocarbons possessing a gravity of 45° API or less.

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RULE 17. An oil well in the Warren-Tubb Gas Pool shall have dedicated thereto a proration unit consisting of 40 acres, more or less, being a governmental quarter-quarter section legal subdivision of the United States Public Land Surveys.

RULE 18. No acreage shall be simultaneously dedicated to an oil well and to a gas well in the Warren-Tubb Gas Pool.

RULE 19. The limiting gas-oil ratio for oil wells in the Warren-Tubb Gas Pool shall be 2000 cubic feet of gas for each barrel of oil produced.

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

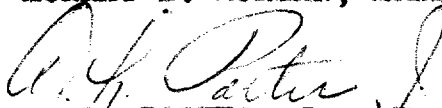
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



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EXHIBIT "A"

Vertical and Horizontal Limits of the Warren-Tubb Gas Pool

VERTICAL LIMITS

From the "Tubb Marker" downward to the top of the Drinkard formation.

HORIZONTAL LIMITS

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 28: SE/4