

**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. 1947  
Order No. R-1683-A**

**APPLICATION OF PHILLIPS PETROLEUM  
COMPANY AND TENNESSEE GAS AND OIL  
COMPANY FOR A HEARING DE NOVO IN  
CASE NO. 1947 RELATING TO THE  
APPLICATION OF PHILLIPS PETROLEUM  
COMPANY FOR THE ESTABLISHMENT OF  
TWO 80-ACRE NON-STANDARD OIL PRO-  
DUCTION UNITS AND ONE UNORTHODOX  
OIL WELL LOCATION IN THE KENNITZ-  
WOLFCAMP 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 August 17, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 16th day of September, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, Phillips Petroleum Company, is the owner and operator of the SW/4 and the W/2 SE/4 of Section 25, Township 16 South, Range 33 East, Kennitz-Wolfcamp Pool, Lea County, New Mexico.

(3) That the Special Rules and Regulations governing the Kennitz-Wolfcamp Pool provide for 80-acre drilling and proration units, with the 80-acre unit to comprise either the E/2 or the W/2 of a governmental quarter section. Said Rules also provide that the unit well shall be located within 150 feet of the center of either the Northeast quarter or the Southwest quarter of a governmental quarter section.

(4) That Phillips Petroleum Company's New Mexico State "A"

-2-

CASE No. 1947

Order No. R-1683-A

Well No. 1, drilled in the Kemnitz-Wolfcamp Pool and located in the NE/4 SW/4 of said Section 25, is presently the unit well for an 80-acre unit consisting of the N/2 SW/4 of said Section 25 as provided by Order No. R-1683.

(5) That Phillips Petroleum Company drilled its New Mexico State "A" Well No. 2 in the Kemnitz-Wolfcamp Pool on an orthodox location in the SW/4 SE/4 of said Section 25, but this well proved to be non-commercial.

(6) That for this reason, the applicant seeks approval of an unorthodox oil well location for its New Mexico State "A" Well No. 3 in the NW/4 SE/4 of said Section 25 at a point 1980 feet from the South line and 1980 feet from the East line of said Section 25.

(7) That Phillips Petroleum Company also proposes that the said New Mexico State "A" Well No. 3 serve as the unit well for an 80-acre non-standard oil proration unit consisting of the NW/4 SE/4, N/2 SW/4 SE/4, and the N/2 SE/4 SW/4 of said Section 25.

(8) That while oil proration units which are not substantially in the shape of a square or a rectangle are not favored - even though they can be described by using the U. S. Public Lands Survey - proration units not meeting such specifications may be necessary at the edge of a pool.

(9) That Phillips Petroleum Company further proposes that a non-standard 80-acre oil proration unit consisting of the N/2 SW/4 of said Section 25 be established and that said unit be dedicated to the said New Mexico State "A" Well No. 1.

(10) That the entire acreage within the two proposed non-standard oil proration units can reasonably be presumed to be productive of oil from the Kemnitz-Wolfcamp Pool.

(11) That the establishment of 80-acre proration units in the said Kemnitz-Wolfcamp Pool with a fixed spacing pattern requiring the drilling of wells on diagonal 40-acre tracts was based upon the principle of drainage and counter-drainage. But when an operator proves by a preponderance of the evidence that his acreage is located on the edge of a pool, as is the case here, this principle must give way to the basic right of a person to drill a well on his acreage. However, when other operators have adhered to the fixed well location requirements set forth in the special pool rules, the allowable assigned to the well drilled on an unorthodox location should be adjusted downward to an amount which will, insofar as is practicable, protect correlative rights.

(12) That refusal to permit Phillips Petroleum Company to drill a well on its productive acreage would impair its correlative rights, and approval of the proposed well location should tend to

-3-

CASE No. 1947  
Order No. R-1683-A

result in a greater ultimate recovery of oil from the said Kennitz-Wolfcamp Pool.

(13) That while the entire 80-acre non-standard unit proposed by Phillips Petroleum Company and described in Finding No. 7 above can reasonably be presumed to be productive of oil from the said Kennitz-Wolfcamp Pool, the allowable assigned to the well should be reduced in a reasonable amount due to the unorthodox location of the proposed unit well.

(14) That considering all of the circumstances present in this case, including the amount of productive acreage, the proposed unorthodox well location, and the practical economics of the situation, the allowable assigned to the said New Mexico State "A" Well No. 3 should be in the amount of  $\frac{3}{4}$  of a standard 80-acre allowable in the Kennitz-Wolfcamp Pool.

IT IS THEREFORE ORDERED:

(1) That two non-standard 80-acre oil proration units in the Kennitz-Wolfcamp Pool, one comprising the N/2 SW/4, and the other comprising the NW/4 SE/4, N/2 SW/4 SE/4 and the N/2 SE/4 SW/4, all in Section 25, Township 16 South, Range 33 East, NMPM, Lea County, New Mexico, be and the same are hereby established.

(2) That the New Mexico State "A" Well No. 1, located in the NE/4 SW/4 of said Section 25, is to have dedicated to it the N/2 SW/4 of said Section 25.

(3) That the applicant, Phillips Petroleum Company, be and the same is hereby authorized to drill a well at an unorthodox oil well location 1980 feet from the South line and 1980 feet from the East line of said Section 25. Said well is to have dedicated to it the NW/4 SE/4, N/2 SW/4 SE/4 and the N/2 SE/4 SW/4 of said Section 25, and is to be assigned an allowable in the amount of  $\frac{3}{4}$  of a standard 80-acre allowable for the Kennitz-Wolfcamp Pool.

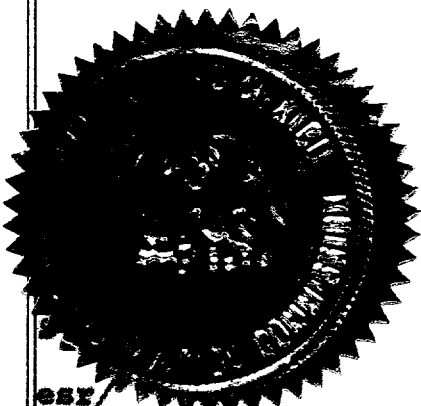
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

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



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. 1947  
Order No. R-1683

APPLICATION OF PHILLIPS PETROLEUM  
COMPANY FOR THE ESTABLISHMENT OF  
TWO 80-ACRE NON-STANDARD OIL PRO-  
RATION UNITS AND ONE UNORTHODOX  
OIL WELL LOCATION IN THE KEMNITZ-  
WOLFCAMP 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 April 27, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, 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 20th day of May, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Phillips Petroleum Company, is the owner and operator of the SW/4 and the W/2 SE/4 of Section 25, Township 16 South, Range 33 East, Kemnitz-Wolfcamp Pool, Lea County, New Mexico.
- (3) That the Special Pool Rules for the Kemnitz-Wolfcamp Pool provide for 80-acre drilling and proration units, with the 80-acre unit to comprise either the E/2 or the W/2 of a governmental quarter section. Said Rules also provide that the unit well shall be located within 150 feet of the center of either the Northeast quarter or the Southwest quarter of a governmental quarter section.
- (4) That the applicant's New Mexico State "A" Well No. 1, drilled in the Kemnitz-Wolfcamp Pool and located in the NE/4 SW/4 of said Section 25, serves as the unit well for the 80-acre unit consisting of the E/2 SW/4 of said Section 25.

-2-

CASE No. 1947  
Order No. R-1683

(5) That the applicant drilled its New Mexico State "A" Well No. 2 in the Kemnitz-Wolfcamp pool on an unorthodox location in the SW/4 SE/4 of said Section 25, but this well proved to be non-commercial.

(6) That for this reason, the applicant seeks approval of an unorthodox oil well location for its New Mexico State "A" Well No. 3 in the NW/4 SE/4 of said Section 25 at a point 1980 feet from the South line and 1980 feet from the East line of said Section 25.

(7) That the applicant proposes that the said New Mexico State "A" Well No. 3 serve as the unit well for an 80-acre non-standard oil proration unit consisting of the following-described acreage:

Beginning at the Northwest corner of the NE/4 SE/4, thence South 1980 feet, thence West 1930 feet, then in a West-northwesterly direction 675 feet, thence North 359 feet, thence East 1092 feet, thence North 1399 feet, thence East 1477 feet to the point of origin.

(8) That approval of the above-described non-standard oil proration unit would necessitate the establishment of another 80-acre non-standard oil proration unit to be dedicated to the said New Mexico State "A" Well No. 1 and to consist of the following-described acreage:

Beginning at the Northwest corner of the S/2 of said Section 25, thence East 2489 feet, thence South 1399 feet, thence West 2489 feet, thence North 1400 feet to the point of origin.

(9) That while the commercially productive limits of an oil pool do not necessarily follow section lines, quarter-section lines or quarter-quarter section lines, in the absence of a deviation in the U. S. Public Lands Survey, it simply is not feasible from an administrative and regulatory standpoint to approve non-standard oil proration units which do not consist of a portion of a standard unit and are not in the shape of a square or rectangle.

(10) That the evidence presented establishes that the W/2 SE/4 of said Section 25 contains 60 acres that are commercially productive of oil.

(11) That the NW/4 SE/4 and the N/2 SW/4 SE/4 of said Section 25 should be dedicated to the proposed New Mexico State "A" Well No. 3, to be located 1980 feet from the South line and 1980 feet from the East line of said Section 25. Since the above-described 60 acres is the only acreage in the W/2 SE/4 of

-3-

CASE No. 1947  
Order No. R-1683

Section 25 that can be considered to be commercially productive of oil, the said New Mexico State "A" Well No. 3 should be assigned an allowable in the amount of  $3/4$  of a standard 80-acre allowable in the Kemnitz-Wolfcamp Pool.

(12) That various operators in the Kemnitz-Wolfcamp Pool objected to the application, particularly to that portion seeking the unorthodox location for the said New Mexico State "A" Well No. 3; but with the well limited to  $60/80$  of a standard allowable, the applicant will not secure an undue advantage over offset producers by reason of the unorthodox location, nor will the correlative rights of the applicant be impaired.

IT IS THEREFORE ORDERED:

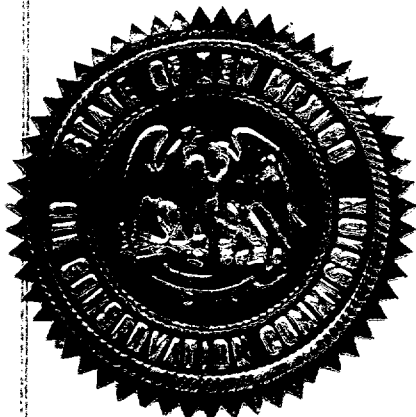
(1) That the two non-standard 80-acre oil proration units in the Kemnitz-Wolfcamp Pool, Lea County, New Mexico, proposed by the applicant, be and the same are hereby denied.

(2) That an 80-acre non-standard oil proration unit in the Kemnitz-Wolfcamp Pool consisting of the N/2 SW/4 of Section 25, Township 16 South, Range 33 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the applicant's New Mexico State "A" Well No. 1, located in the NE/4 SW/4 of said Section 25.

(3) That a 60-acre non-standard oil proration unit in the Kemnitz-Wolfcamp Pool consisting of the NW/4 SE/4 and the N/2 SW/4 SE/4 of said Section 25 be and the same is hereby established. Said unit is to be dedicated to the applicant's New Mexico State "A" Well No. 3, to be drilled at an unorthodox location 1980 feet from the South line and 1980 feet from the East line of said Section 25.

(4) That the allowable which will be assigned to the said New Mexico State "A" Well No. 3 shall bear the same ratio to a standard allowable in the Kemnitz-Wolfcamp Pool as 60 bears to 80.

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

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

esr/