

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF EL PASO NATURAL GAS COMPANY FOR  
ADOPTION OF SPECIAL POOL RULES FOR  
THE LUSK STRAWN POOL, LEA COUNTY  
NEW MEXICO, TO PROVIDE FOR 160 ACRE  
DRILLING AND SPACING UNITS WITH A  
LIMITING GAS-OIL RATIO OF 4000 TO  
1 AND FOR OIL ALLOWABLE BASED ON  
160 ACRE SPACING.

CASE NO. 2469

A P P L I C A T I O N

COMES NOW El Paso Natural Gas Company, a Delaware corporation, authorized to do business in the State of New Mexico, hereinafter called "Applicant" and alleges and states as follows:

I.

Applicant is the operator of the Lusk Deep Unit and wells producing oil from the Lusk Strawn Pool in Lea County, New Mexico. Said pool is governed by statewide rules of this Commission.

II.

Special pool rules and regulations should be adopted by this Commission concerning the drilling of oil wells in said pool and the production therefrom including, but not limited to, provisions for drilling and proration units. A proration unit should be a governmental quarter section of the U. S. Public Lands Survey consisting of not less than 160 acres and establishing a limiting gas-oil ratio in said pool of 6,000 cubic feet of gas to one barrel of oil.

4000 ?

III.

Throughout the horizontal limits of said pool, the Strawn formation constitutes a common oil reservoir and the study of geological and engineering data now available pertaining to said Strawn formation indicates that one well will efficiently and economically drain the recoverable oil in place in said formation underlying an area in excess of 160 acres. A drilling and

spacing unit for oil wells drilled to the Strawn formation should be composed of a quarter section according to U. S. Public Land Surveys containing approximately 160 acres. No oil well should be drilled on such drilling unit on which another oil well has been completed or approved for completion in said pool. Allowables for said pool should be based on 160 acre spacing.

IV.

Said 160 acre drilling and spacing units should consist of a quarter section within a single section and the unit well should not be drilled closer than 660 feet from the boundary of such governmental quarter section.

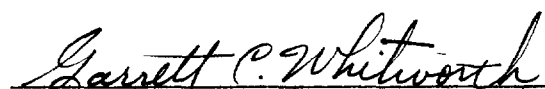
V.

It is economically impractical and wasteful to drill wells in the Lusk Strawn Oil Pool on drilling units smaller than 160 acres and closer spacing would create waste by compelling the drilling of unnecessary wells.

VI.

The establishment of drilling and spacing units as herein requested is necessary for the orderly development of a common source of supply in said Lusk Strawn Oil Pool as the same is now constituted or may later be extended. This will protect the correlative rights of all parties affected, will prevent both physical and economic waste, will eliminate drilling unnecessary wells and will promote the recovery of oil from said pool in an efficient and economical manner.

WHEREFORE, Applicant respectfully requests this matter be set for hearing after due notice as prescribed by law and upon such notice and hearing, the Commission issue its order establishing special pool rules for the Lusk Strawn Pool providing for 160 acre drilling and spacing units, for a limiting gas-oil ratio of 4,000 to one and for allowables based on 160 acre spacing and such other and further relief to which Applicant may show itself justly entitled.

  
Attorney for Applicant

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

MAIN OFFICE OCC

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IN THE MATTER OF THE APPLICATION OF  
EL PASO NATURAL GAS COMPANY FOR THE  
ESTABLISHMENT OF SPECIAL RULES AND  
REGULATIONS FOR THE LUSK STRAWN POOL,  
LEA COUNTY, NEW MEXICO, TO PROVIDE FOR  
160-ACRE DRILLING AND SPACING UNITS  
WITH A LIMITING GAS-OIL RATIO OF  
4000/1 AND FOR OIL ALLOWABLE BASED ON  
160-ACRE SPACING

CASE NO. 2469

APPLICATION FOR REHEARING

COMES NOW El Paso Natural Gas Company, a Delaware Corporation, with license to do business in the State of New Mexico, hereinafter called "Applicant" and files this, its application for rehearing before the New Mexico Oil Conservation Commission in the above styled and numbered cause and for grounds therefor would respectfully show:

I.

Hearing was held on this case by an Examiner on January 4, 1962 at Santa Fe, New Mexico; and by Order No. R-2175 which was issued on the 30th day of January 1962, the Commission found, among other things, that Applicant's application for 160-acre proration units in the Lusk Strawn Pool should be denied, and that special rules and regulations should be established for said pool providing for 80-acre oil proration units. The Commission also found that well costs presented in the evidence and testimony of Applicant were excessive and recoverable reserves, as shown by Applicant on said hearing, were too conservative. The record amply supports Applicant's estimated well costs. There is no evidence to the contrary. If the Commission considered any matter to the contrary, it considered evidence outside the record on which Applicant had no chance to cross-examine.

## II.

By Rule 2 of Special Rules and Regulations for the Lusk Strawn Pool, the Commission established 80-acre spacing therein and by Rule 5 it established an 80-acre proportional factor for allowable purposes.

## III.

In the absence of conflicting testimony in the record, the above mentioned findings and rules of the Commission were not based on the transcript of testimony and record made as required by Section 65-3-11.1 of the New Mexico Statutes Annotated, 1953 Compilation.

## IV.

The uncontradicted evidence presented and comprising the record of the hearing in this case establishes conclusively that one well drilled in the Lusk Strawn Pool can efficiently, effectively, and economically drain an area of at least 160 acres. Nothing is presented in the transcript of testimony and the entire record of this case that would indicate anything to the contrary. If any matter was considered by the Commission to the contrary, then the Commission considered evidence outside the record on which this Applicant had no chance to cross-examine.

## V.

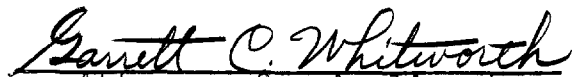
The order of the Commission in establishing 80-acre spacing for wells in the Lusk Strawn Pool will cause the drilling of unnecessary wells and will cause economic loss. The Commission's order fails to give effect to the uncontradicted evidence and fails to comply with the provisions of Section 65-3-14(b), New Mexico Statutes Annotated, 1953 Compilation, which provides:

"The Commission may establish a proration unit for each pool, such being the area that can be

efficiently and economically drained and developed by one (1) well, and in so doing, the Commission shall consider the economic loss caused by the drilling of unnecessary wells, the protection of correlative rights, including those of royalty owners, the prevention of waste, the avoidance of the augmentation of risks arising from the drilling of an excessive number of wells, and the prevention of reduced recovery which might result in the drilling of too few wells."

Applicant is prepared to submit additional evidence as to well costs and recoverable reserves in rebuttal of the announced fact findings.

WHEREFORE, Applicant requests that this matter be set down for a rehearing before the Commission pursuant to Rule 1222, Rules and Regulations of the New Mexico Oil Conservation Commission, and that on such rehearing the Commission issue rules and regulations establishing proration units of 160 acres for each well completed or recompleted in the Lusk Strawn Pool and for oil allowables based on 160-acre proration units.

  
Attorney for Applicant

*1/2 mark 84 pressure*  
*1/3 fluid expansion*  
*9.6% per expansion*  
*6/10*

