

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. 2820
Order No. R-2504

APPLICATION OF TEXAS PACIFIC COAL
& OIL COMPANY FOR A NON-STANDARD
GAS PRORATION UNIT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 5, 1963, 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 11th day of June, 1963, 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 Order No. R-1364 created the following-described non-standard gas proration units in the Jalmat Gas Pool to be dedicated to the following-described wells:

1. A 240-acre unit comprising the NE/4 of Section 20 and W/2 NW/4 of Section 21, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to the Texas Pacific Coal & Oil Company State "A" A/c-1 Well No. 3, located 1650 feet from the North line and 330 feet from the West line of said Section 21.
2. A 40-acre unit comprising the NE/4 NW/4 of Section 21, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to the Texas Pacific Coal

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& Oil Company State "A" A/c-1 Well No. 4, located 330 feet from the North line and 1660 feet from the West line of said Section 21.

3. A 40-acre unit comprising the SE/4 NW/4 of Section 21, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to the Texas Pacific Coal & Oil Company State "A" A/c-1 Well No. 6, located 2310 feet from the North line and 1650 feet from the West line of said Section 21.

(3) That the applicant, Texas Pacific Coal & Oil Company, seeks to abolish the above-described non-standard gas proration units and create a 320-acre non-standard gas proration unit comprising the NE/4 of Section 20 and the NW/4 of Section 21, Township 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(4) That the applicant proposes to dedicate the said 320-acre non-standard gas proration unit to its State "A" A/c-1 Well No. 6, located 2310 feet from the North line and 1650 feet from the West line of said Section 21.

(5) That the applicant has encountered an emulsion block in its State "A" A/c-1 Well No. 3 and can no longer efficiently and economically produce said well.

(6) That the applicant has reworked its State "A" A/c-1 Well No. 6 so that it is now capable of producing a 320-acre allowable.

(7) That the applicant's State "A" A/c-1 Well No. 6 is capable of efficiently and economically draining and developing the entire proposed non-standard gas proration unit.

(8) That waste is occurring and correlative rights are being violated as the applicant is not presently afforded the opportunity to produce its just and equitable share of the gas in the pool.

(9) That to avoid the drilling of unnecessary wells, to avoid the augmentation of risks arising from the drilling of an excessive number of wells, to afford the applicant an opportunity to produce its just and equitable share of the gas in the pool, and to prevent waste and protect correlative rights, the subject application should be approved.

(10) That Order No. R-1364 should be superseded insofar as it is inconsistent with this order.

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IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas proration unit comprising the NE/4 of Section 20 and the NW/4 of Section 21, Township 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, is hereby established and dedicated to the Texas Pacific Coal & Oil Company State "A" A/c-1 Well No. 6, located 2310 feet from the North line and 1650 feet from the West line of said Section 21.

(2) That on the effective date of this order, the production status of the non-standard gas proration unit created by this order shall be the combined production status of applicant's State "A" A/c-1 Well No. 3, State "A" A/c-1 Well No. 4, and State "A" A/c-1 Well No. 6.

(3) That the non-standard gas proration unit created by this order shall be subject to the balancing of production rules as set out in section D of Order No. R-1670.

(4) That an exception is hereby granted to the well location requirements of Rule 5(B) of Order No. R-1670.

(5) That this order shall be effective the first day of the first month after applicant's State "A" A/c-1 Well No. 3 and State "A" A/c-1 Well No. 4 have been disconnected from the pipeline and a disconnection notice filed with the Commission.

(6) That Order No. R-1364 is hereby superseded insofar as it is inconsistent with this order.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

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

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