

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:

CASES NOS. 2275 AND 1669
Order No. R-1670-E

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO CON-
SIDER PRORATING THE ATOKA-PENNSYLVANIAN
GAS POOL, EDDY COUNTY, NEW MEXICO, AND
TO ESTABLISH SPECIAL RULES AND REGULA-
TIONS FOR SAID POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

These cases came on for hearing at 9 o'clock a.m. on May 17, 1961, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 25th day of May, 1961, the Commission, a quorum being present, having considered the testimony presented and the exhibits received in the hearing of said cases, 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 these cases and the subject matter thereof.

(2) That the producing capacity of the wells in the Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, is in excess of the market demand for gas from this pool, and that for the purpose of preventing waste and protecting correlative rights, said pool should be prorated.

(3) That the proration formula for said pool should be based only on surface acreage, provided, however, that all operators in said pool should be required to take such tests as the Commission prescribes by memorandum to determine whether factors other than acreage should be included in the proration formula, such tests to be taken and their results reported to the Commission in accordance with said memorandum.

(4) That Orders Nos. R-1417 and R-1417-A established temporary special rules and regulations governing the subject pool, which special rules and regulations should be made permanent.

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IT IS THEREFORE ORDERED:

(1) That the Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, shall be prorated, effective July 1, 1961.

(2) That the proration formula for the Atoka-Pennsylvanian Gas Pool shall be based only on surface acreage.

PROVIDED HOWEVER, That all operators in said pool shall take such tests as the Commission shall prescribe by memorandum to determine whether factors other than acreage should be included in the proration formula, such tests to be taken and their results reported to the Commission in accordance with said memorandum.

PROVIDED FURTHER, That jurisdiction of this cause is retained for the entry of such further orders as the Commission deems necessary, including the entry of an order or orders changing the proration formula to include factors other than acreage.

(3) That the General Rules applicable to prorated gas pools in Southeast New Mexico, as set forth in Order No. R-1670, shall apply to the Atoka-Pennsylvanian Gas Pool, unless in conflict with the Special Rules and Regulations for said pool as hereinafter set forth, in which event the Special Rules shall apply.

(4) That Orders Nos. R-1417 and R-1417-A are hereby superseded.

SPECIAL RULES AND REGULATIONS FOR THE
ATOKA-PENNSYLVANIAN GAS POOL

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2: Each well completed or recompleted in the Atoka-Pennsylvanian Gas Pool shall be located in the northwest quarter or the southeast quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line, provided, however, that any well which was projected to or completed in said pool prior to June 5, 1959, is excepted from the requirements of this rule.

RULE 3: The Secretary-Director shall have authority to grant exceptions to Rule 2 without notice and hearing where an application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located a copy of the application to the Commission and shall

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stipulate to the Commission that proper notice has been furnished to all such operators. The Secretary-Director may approve the application if, after a period of twenty days, no offset operator has entered an objection to the proposed unorthodox location.

RULE 5(A): Each well completed or recompleted in the Atoka-Pennsylvanian Gas Pool shall be located on a tract consisting of approximately 320 acres comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the U. S. Public Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard unit.

RULE 5(C): The Secretary-Director shall have authority to grant an exception to Rule 5(A) without notice and hearing where an application has been filed in due form and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the U. S. Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of contiguous quarter-quarter sections or lots.

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

(3) The entire non-standard unit may reasonably be presumed to be productive of gas from the Atoka-Pennsylvanian Gas Pool.

(4) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in said non-standard unit.

(5) In lieu of Paragraph 4 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 unit. The Secretary-Director may approve the application if, after a period of thirty days, no such operator has entered an objection to the formation of such non-standard unit.

RULE 8(A): The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

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RULE 9(A): A well's "Acreage Factor" shall be determined to the nearest hundredth by dividing the acreage assigned to the well by 320 acres. However, the acreage tolerance provided in Rule 5(A) shall apply.

RULE 25: That the vertical limits of the Atoka-Pennsylvanian Gas Pool shall be the Pennsylvanian formation.

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

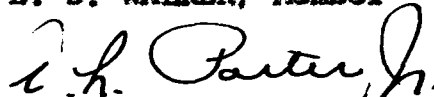
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

