

**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. 3701
Order No. R-3368-A
NOMENCLATURE**

**APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY FOR AN AMENDMENT
TO ORDER NO. R-3368, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8 a.m. on May 22, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 29th day of May, 1968, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 by Order No. R-3368, dated January 22, 1968, temporary Special Rules and Regulations were promulgated for the Baum-Wolfcamp Pool, Lea County, New Mexico, providing for 80-acre spacing units, limited well locations, and an 80-acre proportional factor of 4.77 for allowable purposes, and providing that said temporary rules be reconsidered at an examiner hearing in January, 1969.

(3) That the applicant, Coastal States Gas Producing Company, seeks amendment of the temporary Special Rules and Regulations promulgated by Order No. R-3368 to provide for 160-acre spacing units with the assignment of 80-acre allowables.

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(4) That the applicant also seeks to have said rules and regulations, as proposed, made permanent.

(5) That a number of wells have been completed in the subject pool subsequent to the issuance of Order No. R-3368.

(6) That the additional evidence concerning the characteristics of the subject reservoir gained as a result of said completions establishes that one well in the pool can efficiently and economically drain and develop 160 acres.

(7) That the additional evidence presented indicates that the establishment of 160-acre spacing units and an 80-acre proportional factor of 4.77 for allowable purposes is warranted.

(8) That the Special Rules and Regulations promulgated by Order No. R-3368, as amended by this order, will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(9) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-3368, as amended by this order, should be continued in full force and effect until further order of the Commission.

(10) That the aforementioned additional evidence also establishes that the subject pool is producing from the Upper Pennsylvanian formation rather than the Wolfcamp formation.

(11) That the subject pool should be redesignated the Baum-Upper Pennsylvanian Pool.

IT IS THEREFORE ORDERED:

(1) That, effective June 1, 1968, Order (a) of Order No. R-675-A, Order (a) of Order No. R-914, Order (a) of Order No. R-3367, and Order (a) of Order No. R-3389 are hereby amended by deleting therefrom the word "Wolfcamp" wherever it appears and substituting in lieu thereof the words "Upper Pennsylvanian."

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(2) That the Special Rules and Regulations governing the Baum-Wolfcamp Pool, Lea County, New Mexico, promulgated by Order No. R-3368, are hereby amended to read in their entirety as follows, effective June 1, 1968:

SPECIAL RULES AND REGULATIONS
FOR THE
BAUM-UPPER PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Baum-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Upper Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state

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that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned an 80-acre proportional factor of 4.77 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Baum-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before June 1, 1968.

(2) That each well presently drilling to or completed in the Baum-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof shall, after June 1, 1968, receive an allowable in the same proportion to a standard 160-acre allowable for the pool as the acreage presently dedicated to the well bears to 160 acres, until Form C-102 dedicating 160 acres to the well has been filed with the Commission, or until a non-standard unit containing less than 160 acres has been approved.

(3) That Order No. R-3368 entered by the Commission on January 22, 1968, is hereby superseded.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GULTON B. HAYS, Member


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



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