

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. 3771
Order No. R-3440

APPLICATION OF PENNZOIL COMPANY
FOR SPECIAL POOL RULES, 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 26th day of June, 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 the applicant, Pennzoil Company, seeks the promul-
gation of special pool rules for the South Corbin-Wolfcamp Oil
Pool, Lea County, New Mexico, including a provision for 160-acre
spacing and proration units.

(3) That the evidence presented at the hearing disclosed
that two of the three wells drilled in the pool to date have
experienced a very rapid decline in production which would
indicate that the pool reserves are either extremely limited
or the area of drainage is very small, or both.

(4) That the production history of the third well in the
pool, applicant's well completed in April, 1968, is insufficient

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to counter the inferences of extremely limited reserves and/or drainage area drawn from the production history of the two prior wells completed in the pool.

(5) That the applicant has not established that the wells in the South Corbin-Wolfcamp Oil Pool can efficiently and economically drain and develop 160-acres or that the establishment of special rules and regulations, even on a temporary basis, would prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, or otherwise prevent waste or protect correlative rights.

(6) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

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

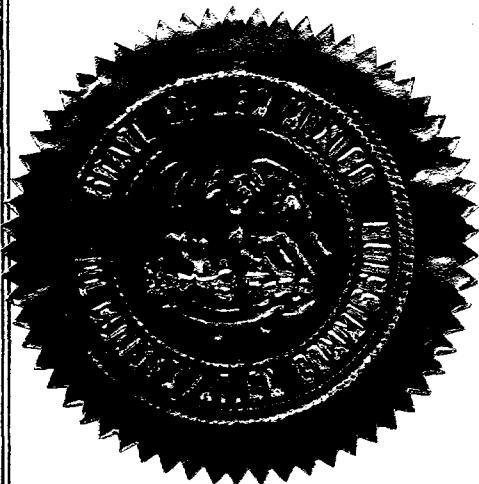
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

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



esr/

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 2088
SANTA FE

June 26, 1968

Mr. James Durrett
Rhodes, McCallister & Durrett
Attorneys at Law
500 Pan American Freeway - NE
Albuquerque, New Mexico

Re: Case No. 3771
Order No. R-3440
Applicant:

Pennzoil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Mr. E. F. Motter - Cities Service Oil Co, Hobbs, N.M.