



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

September 22, 1972

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4577
Order No. R-4181-A
Applicant:

Petroleum Corporation

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

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other _____

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. 4577
Order No. R-4181-A

IN THE MATTER OF CASE 4577 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-4181, WHICH ORDER
ESTABLISHED SPECIAL RULES AND REGULA-
TIONS FOR THE PARKWAY-WOLFCAMP POOL,
EDDY COUNTY, NEW MEXICO, INCLUDING A
PROVISION FOR 160-ACRE SPACING UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 13, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of September, 1972, 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-4181, dated August 17, 1971, temporary Special Rules and Regulations were promulgated for the Parkway-Wolfcamp Pool, Eddy County, New Mexico, establishing 160-acre spacing units and a proportional factor of 6.77 for allowable purposes for a period of one year.
- (3) That pursuant to the provisions of Order No. R-4181, this case was reopened to allow the operators in the subject pool to appear and show cause why the Parkway-Wolfcamp Pool should not be developed on 40-acre or 80-acre spacing units.
- (4) That no operator in the subject pool appeared to show cause why the Parkway-Wolfcamp Pool should not be developed on 40-acre or 80-acre spacing units.
- (5) That no wells are presently producing from the subject

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CASE NO. 4577

Order No. R-4181-A

(6) That it is not anticipated that additional wells will be drilled in the subject pool.

(7) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 160 acres.

(8) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4181 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Parkway-Wolfcamp Pool, Eddy County, New Mexico, promulgated by Order No. R-4181, are hereby abolished.

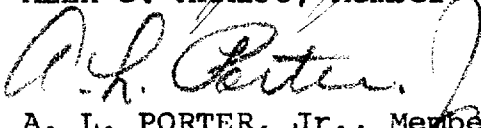
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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



S E A L

dr/

**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. 4577
Order No. R-4181**

NOMENCLATURE

**APPLICATION OF PETROLEUM
CORPORATION FOR THE CREATION
OF A NEW POOL, SPECIAL RULES
THEREFOR, AND DISCOVERY ALLOWABLE,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 11, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of August, 1971, 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, Petroleum Corporation, seeks the creation of a new oil pool for Wolfcamp production in Eddy County, New Mexico, and the assignment of an oil discovery allowable in the amount of approximately 48,110 barrels to the discovery well.

(3) That the applicant also seeks the promulgation of special rules for said pool, including a provision for 160-acre proration units.

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(4) That the evidence presently available indicates that Petco State Well No. 2, located in Unit N of Section 26, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, has discovered a separate common source of supply which should be designated the Parkway-Wolfcamp Pool; that the vertical limits of said pool should be the Wolfcamp formation, and that the horizontal limits of said pool should be the SW/4 of said Section 26.

(5) That the discovery well for the aforesaid pool, Petco State Well No. 2, located in Unit N of Section 26, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 48,110 barrels, based upon the top perforations in said well at 9,622 feet, to be assigned over a two-year period.

(6) 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, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the Parkway-Wolfcamp Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in September, 1972, at which time the operators in the subject pool should be prepared to appear and show cause why the Parkway-Wolfcamp Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production, is hereby created and

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designated the Parkway-Wolfcamp Pool, with vertical limits comprising the Wolfcamp formation and horizontal limits comprising the following-described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 26: SW/4

(2) That the aforesaid discovery well is hereby authorized an oil discovery allowable of 48,110 barrels to be assigned to said well at the rate of 66 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That temporary Special Rules and Regulations for the Parkway-Wolfcamp Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
PARKWAY-WOLFCAMP POOL

RULE 1. Each well completed or recompleted in the Parkway-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Wolfcamp 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.

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RULE 4. Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit boundary and no nearer than 330 feet to any governmental quarter-quarter section line.

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 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 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 a 160-acre proportional factor of 6.77 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.

RULE 7. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Parkway-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before September 1, 1971.

(2) That, pursuant to Paragraph A. of Section 65-3-14-5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Parkway-Wolfcamp Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may

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have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Parkway-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

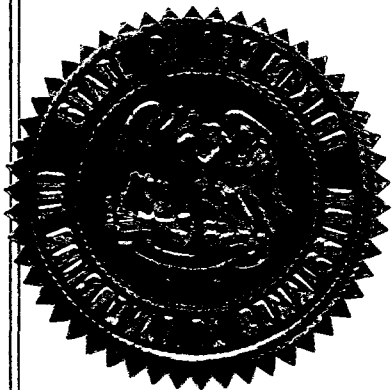
(3) That this case shall be reopened at an examiner hearing in September, 1972, at which time the operators in the subject pool may appear and show cause why the Parkway-Wolfcamp Pool should not be developed on 40-acre or 80-acre spacing units.

(4) That the above-described Petco State Well No. 2 shall not be produced until such time as it has been connected to a gas gathering facility.

(5) 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



Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

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