

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. 5262 DE NOVO
Order No. R-4822-A

Nomenclature

APPLICATION OF PETRO-LEWIS CORPORATION
FOR POOL CONTRACTION, CREATION, AND
SPECIAL POOL RULES, SANDOVAL COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 19, 1974, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 3rd day of September, 1974, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, Petro-Lewis Corporation, seeks an order contracting the horizontal limits of the Media-Entrada Oil Pool as presently defined and described by the deletion of the NW/4 of Section 22, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, and the creation of a new pool for Entrada production comprising all of said quarter section.

(3) Applicant further seeks the promulgation of special pool rules for the new pool thus created, including a provision for 160-acre proration units and the establishment of a special depth bracket allowable for said pool of up to 750 barrels per day.

(4) That this matter came on for hearing before Examiner Richard L. Stamets, on June 19, 1974, and pursuant to this hearing Order No. R-4822 was issued on July 16, 1974, which denied the application of Petro-Lewis Corporation for the aforesaid pool contraction, creation, and special pool rules.

(5) That on July 23, 1974, application for hearing De Novo was made by Petro-Lewis Corporation and the matter was set for hearing before a quorum of the Commission.

(6) That the matter came on for hearing De Novo on August 19, 1974.

(7) That subsequent to the original hearing of Case No. 5262, additional reservoir information has become available which indicates that the oil-bearing portion of the Entrada formation underlying that part of the Media-Entrada Oil Pool sought to be deleted and the oil-bearing portion of the Entrada formation underlying that part of the Media-Entrada Oil Pool which would remain after such deletion, while in communication with a common water aquifer, do not appear to be in effective communication with each other.

(8) That the oil-bearing portion of the Entrada formation underlying the NW/4 of Section 22, Township 19 North, Range 3 West, constitutes a separate common source of supply from the oil-bearing portion of the Entrada formation underlying the S/2 NW/4 and SW/4 of Section 14, the S/2 NE/4 and SE/4 of Section 15, the NE/4 NE/4 of Section 22, and the N/2 NW/4 of Section 23, all in Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico.

(9) That the NW/4 of said Section 22 should be deleted from the Media-Entrada Oil Pool as presently defined and that a new pool for Entrada oil production designated the Southwest Media-Entrada Oil Pool should be established comprising the land so deleted.

(10) That the Media-Entrada Oil Pool from which is being created the Southwest Media-Entrada Oil Pool is governed by special pool rules which include a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day.

(11) That inasmuch as the reservoir characteristics of the two pools are similar, similar pool rules should govern each.

(12) That special pool rules for the Southwest Media-Entrada Oil Pool, including a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day, should be promulgated.

(13) That the Commission at a future hearing should consider the deletion of the NW/4 NE/4 of Section 22, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, from the horizontal limits of the Media-Entrada Oil Pool inasmuch as said quarter-quarter section appears to be underlain by the Southwest Media-Entrada Pool rather than the Media-Entrada Oil Pool as presently defined.

IT IS THEREFORE ORDERED:

(1) That the horizontal boundaries of the Media-Entrada Oil Pool, Sandoval County, New Mexico, are hereby contracted by the deletion therefrom of the NW/4 of Section 22, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico.

(2) That a new pool in Sandoval County, New Mexico, classified as an oil pool for Entrada production is hereby created and designated as the Southwest Media-Entrada Oil Pool consisting of the following described area:

TOWNSHIP 19 NORTH, RANGE 3 WEST, NMPM
Section 22: NW/4

(3) That effective September 1, 1974, Temporary Special Rules and Regulations for the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS
FOR THE
SOUTHWEST MEDIA-ENTRADA OIL POOL

RULE 1. Each well completed or recompleted in the Southwest Media-Entrada Oil Pool or in the Entrada formation within one mile thereof and not nearer to or within the limits of another designated Entrada 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 State's 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 State's 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 can 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 no nearer than 660 feet to the outer boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line nor nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

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 or if no objection to the unorthodox location has been entered within 120 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 depth bracket allowable of 750 barrels subject to the market demand percentage factor 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. A limiting gas-oil ratio of 2000 cubic feet of gas per barrel of oil is established for the pool.

IT IS FURTHER ORDERED:

(1) That the location of all wells presently drilling to the Southwest Media-Entrada Oil Pool are hereby approved; the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before October 1, 1974.

(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 Southwest Media-Entrada Oil 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 have non-standard spacing or proration units established by the Commission and dedicated thereto.

-5-

Case No. 5262 De Novo
Order No. R-4822-A

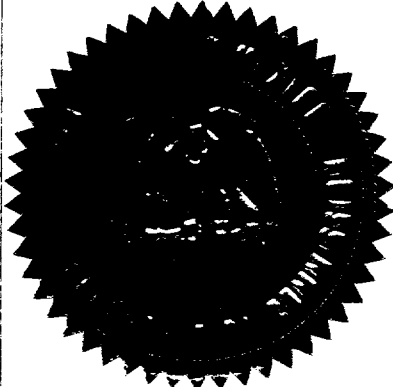
Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable.

(3) That this cause shall be reopened at an examiner hearing during the month of August, 1975, at which time the operators in the Southwest Media-Entrada Oil Pool may appear and show cause why said pool should not be developed on 40-acre spacing with a depth bracket allowable in accordance with the statewide rules.

(4) 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



I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/