

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 10069  
ORDER NO. R-9333

APPLICATION OF PACIFIC ENTERPRISES  
OIL COMPANY (USA) TO LIMIT THE RULES  
GOVERNING THE FREN-PENNSYLVANIAN GAS  
POOL TO ITS PRESENT HORIZONTAL BOUNDARY;  
OR, IN THE ALTERNATIVE, TO ESTABLISH 320-ACRE  
SPACING FOR SAID POOL, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5 and October 3, 1990, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and Jim H. Morrow, respectively.

NOW, on this 29<sup>th</sup> day of October, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) At the time of the September 5, 1990 hearing, this case was consolidated with Case No. 10068 for the purpose of testimony.
- (3) By Division Order No. R-928, dated December 13, 1956, the Fren-Pennsylvanian Gas Pool was created, designated and classified as a gas pool for Pennsylvanian production, comprising the SW/4 of Section 15, the E/2 of Section 21, and the NW/4 of Section 22, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico.

(4) By Division Order No. R-2707, dated May 25, 1964, Rule 104 of the New Mexico Oil Conservation Division General Rules and Regulations was amended in order to provide for 320-acre spacing for gas pools in Lea, Chaves, Eddy and Roosevelt Counties, of Pennsylvanian age or older which were created and defined after June 1, 1964, inasmuch as it was found that in Southeast New Mexico, "...a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) Because the Fren-Pennsylvanian Gas Pool was created and defined prior to the June 1, 1964 cut-off date, the statewide spacing rules of 160 acres applicable at that time are still in effect.

(6) The applicant, Pacific Enterprises Oil Company (USA), now seeks to either limit the governing rules for the Fren-Pennsylvanian Gas Pool to its current horizontal boundary and that all wells drilled to the Pennsylvanian formation within one mile of the above-described area be exempt from the provisions of Division General Rule 104.A. and be governed by the current Statewide Rules and Regulations; or IN THE ALTERNATIVE the applicant seeks 320-acre spacing for said pool whereby the current General Rules regarding spacing (Rule 104) would be applicable.

(7) In the absence of evidence to the contrary, as prescribed by the notice of this case, one well can efficiently and economically drain and develop 320 acres in the Fren-Pennsylvanian Gas Pool.

(8) Approval of the second provision of the subject application is in the best interest of conservation, will 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 and will otherwise prevent waste and protect correlative rights.

(9) The first provision of the subject application to continue the 160-acre rule in the Fren-Pennsylvanian Gas Pool and limit the governing rules to the current boundary should be dismissed.

IT IS THEREFORE ORDERED THAT:

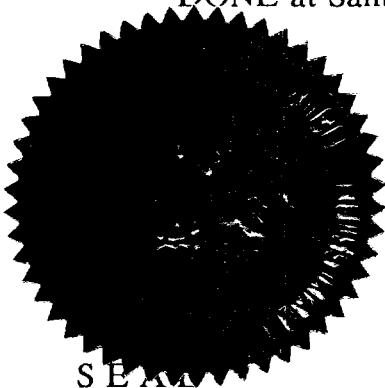
(1) Effective immediately, each well completed or recompleted in the Fren-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof shall be subject to the provisions of Rule 104 of the Division Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

(2) Any well presently drilling to or completed in the Pennsylvanian formation within the Fren-Pennsylvanian Gas Pool or within one mile of the Fren-Pennsylvanian Gas Pool that will not comply with the well location requirements governing gas pools in Lea, Chaves, Eddy and Roosevelt Counties of Pennsylvanian age or older created and defined after June 1, 1964, is hereby granted an exception to such location requirement. The operator shall notify the Artesia District Office of the Division in writing of the name and location of the well on or before January 1, 1991.

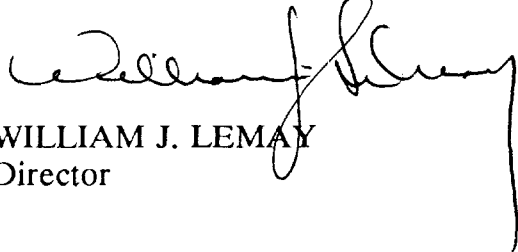
(3) Any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the Fren-Pennsylvanian Gas Pool shall file a new Form C-102 with the Division on or before January 1, 1991.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director