

Description: 5 = 4 Sec 34, 5 w/4 Sec 35 (R-5029, 5-22-75)

Ext: 5 4 Sec 34 (R-5081, 9-1-75) Ext: N = 4 Sec 34 (R-502 We-1-75)

Ext: N = 4 Sec 35 (R-5124, 12-1-75) Ext: N = 4 Sec 33, N = 4 Sec 34 (R->7324, 8-1883)

Ext: V = Sec 33 (R-8408 3-7-87)

county Lea Pool West Knowles - Drinkard

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WEST KNOWLES-DRINKARD POOL Lea County, New Mexico

Order No. R-5029, Creating and Adopting Temporary Operating Rules for the West Knowles-Drinkard Pool, Lea County, New Mexico, May 22, 1975.

Order No. R-5029-A, June 1, 1976, makes permanent the rules adopted in Order No. R-5029.

Application of Mesa Petroleum Co. for Pool Creation and Special Pool Rules, Lea County, New Mexico.

> **CASE NO. 5473** Order No. R-5029

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 14, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of May, 1975, 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, Mesa Petroleum Co., seeks the creation of a new oil pool for Drinkard production in Lea County, New
- That the applicant also seeks the promulgation of special rules for said pool, including a provision for 80-acre proration
- (4) That the evidence presently available indicates that the West Knowles Well No. 1, located in Unit P of Section 34, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the West Knowles-Drinkard Pool; that the vertical limits of said pool should be the Drinkard formation as found on the log of said West Knowles Well No. 1 from 8200 to 8600 feet, and that horizontal limits of said pool should be as follows: be as follows:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM Section 34: SE/4 Section 35: SW/4

- 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 80-acre spacing units should be promulgated for the West Knowles-Drinkard Pool.
- (6) 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.

- 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.
- That this case should be reopened at an examiner hearing in May, 1976, at which time the operators in the subject pool should be prepared to appear and show cause why the West Knowles-Drinkard Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Drinkard production, is hereby created and designated the West Knowles-Drinkard Pool, with vertical limits comprising the Drinkard formation as found on the log of the West Knowles Well No. 1, located in Unit P of Section 34, Township 16 South, Range 37 East, NMPM, from 8200 feet to 8600 feet, and horizontal limits comprising the following-described

> TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM Section 34: SE/4 Section 35: SW/4

(2) That temporary Special Rules and Regulations for the West Knowles-Drinkard Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE WEST KNOWLES-DRINKARD POOL

- RULE 1. Each well completed or recompleted in the West Knowles-Drinkard Pool or in the Drinkard formation within one mile thereof, and not nearer to or within the limits of another designated Drinkard 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 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.
- 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 comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a control of the tractical due to the tractical due to a control of the tractic or lot, or the unorthodox size or snape 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 walvers 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.

(WEST KNOWLES-DRINKARD POOL - Cont'd.)

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 20 days after the Secretary-Director has received the application.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 310 barrels per day, and in the event there is more than one well on an 80-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 80 acres.

™ IT IS FURTHER ORDERED:

- (1) That the locations of all wells presently drilling to or completed in the West Knowles-Drinkard Pool or in the Drinkard 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 July 1, 1975.
- (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 West Knowles-Drinkard Pool shall have dedicated thereto 80 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.

Failure to file new Forms C-102 with the Commission dedicating 80 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 West Knowles-Drinkard Pool or in the Drinkard formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

- (3) That this case shall be reopened at an examiner hearing in May, 1976, at which time the operators in the subject pool should be prepared to appear and show cause why the West Knowles-Drinkard Pool should not be developed on 40-acre spacing units.
- (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.

TOTAH-GALLUP POOL San Juan County, New Mexico

Order No. R-1882, Adopting Temporary Operating Rules for the Totah-Gallup Pool, San Juan County, New Mexico, April 1, 1961.

Order No. R-1882-A, March 14, 1962, makes permanent the rules adopted in Order No. R-1882.

Application of Tennessee Gas Transmission Company for the Promulgation of Special Rules and Regulations governing the Totah-Gallup Oil Pool, San Juan County, New Mexico.

> CASE NO. 2184 Order No. R-1882

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on February 15, 1961, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 23rd day of February, 1961, 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, Tennessee Gas Transmission Company, proposes that special rules and regulations be promulgated governing the Totah-Gallup Oil Pool, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, including a provision for 80-acre oil proration units.
- (3) That the evidence available at this time indicates that the Gallup reservoir underlying the Totah-Gallup Oil Pool may be efficiently and economically drained and developed on 80-acre proration units and that it may be uneconomical to drill wells in said pool on 40-acre proration units.
- (4) That the evidence presently available does not justify permanent 80-acre rules and regulations in the Totah-Gallup Oil Pool, and, accordingly, a temporary one-year order should be entered.
- (5) That during the one-year period in which this order will be in effect, the applicant should gather all available information relative to drainage and recoverable reserves in the subject pool.
- (6) That this case should be heard again during the month of March, 1962, at which time the applicant should be prepared to prove by a preponderance of the evidence why the subject pool should not be developed on 40-acre proration units.

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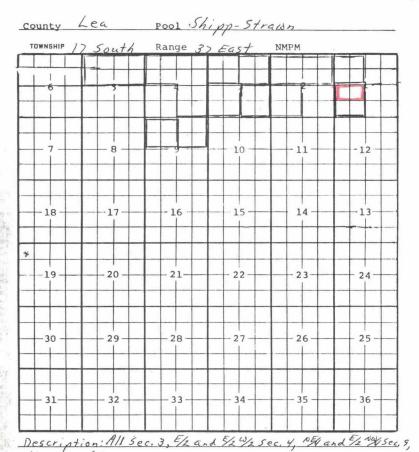
Description: 55/4 and 5/25 UK, Sec. 33, 5/25ec. 34(R-8062, 10-31-85)

Amend horizontal limits to include 1/2 and 5/4 Sec. 4 ank, 7135,

R37E (R-8064-A, 1-21-86) Ext; 5/4 Sec. 33 (R-8513, 9-18-87)

Ext: 5/4 Sec. 32 5 UK Sec. 33 (R-8603, 7/19/88) Ext: 5/45ec. 35 (R-8668, 6/10/88)

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N/2 Sec. 10 (R-8062, 10-31-85)

(SHIPP-STRAWN POOL - Cont'd.)

(3) The temporary Special Rules and Regulations for the Shipp-Strawn Pool are hereby amended to read in their entirety as follows:

SPECIAL RULES AND REGULATIONS FOR THE SHIPP-STRAWN POOL

- RULE 1. Each well completed or recompleted in the Shipp-Strawn Pool or in the Strawn formation within one mile of the Shipp-Strawn Pool, and not nearer to or within the limits of another designated Strawn pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.
- RULE 2. Each well completed or recompleted in the Shipp-Strawn Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.
- RULE 3. For good cause shown, the Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. 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 Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Shipp-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

- RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.
- RULE 5. The Division 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 proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.
- RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 445 barrels per day, and in the event there is more than one well on an 80-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 80 acres."

- IT IS FURTHER ORDERED THAT:
 (4) The location of any well permitted, in drilling to, or completed in the Strawn formation within the boundaries of the Shipp-Strawn Pool prior to January 21, 1986, which location was orthodox under pool rules existing prior to that time and which location is now unorthodox, is hereby approved.
- (5) The locations of any other wells presently permitted in, drilling to, or completed in the currently defined Shipp-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District office of the Division in writing of the name and location of the well on or before April 1, 1006 1986.
- (6) The amount of the discovery allowable assigned to the Pennzoil Company Viersen Well No. 1 located 2130 feet from the South line and 660 feet from the East line of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, as set out in Division Order No. R-8062 is hereby amended to a total of 55,595 barrels of oil to be produced at a rate not to exceed 76 barrels per day in accordance with Division General Rule 509.
- (7) The effective date of this order and of the pool and pool rule changes included herein shall be January 21, 1986.
- (8) Pursuant to Paragraph A. of Section 70-2-18, NMSA (1978), existing wells in the Shipp-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division 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 Shipp-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

- (9) This case shall be reopened at an examiner hearing in November, 1986, at which time the operators in the subject pool may appear and show cause why the Shipp-Strawn Pool should not be developed on 40-acre proration units.
- (10) 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.

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(SAN LUIS-MESAVERDE POOL - Cont'd.)

(2) That for allowable purposes, the 40-acre proportional factor for pools in the 0-5000 foot depth range shall apply to the said San Luis-Mesaverde Oil Pool.

(3) That special rules and regulations for the said San Luis-Mesaverde Oil Pool be and the same are hereby promul-gated as hereinafter set forth.

SPECIAL RULES AND REGULATIONS FOR THE SAN LUIS-MESAVERDE OIL POOL

RULE 1. Each well drilled in the San Luis-Mesaverde Oil Pool shall be located no nearer than 150 feet to the outer boundary of the quarter-quarter section on which it is located and shall be clocated no nearer than 300 feet to the nearest well producing from the same common source of supply; provided, however; that offset wells to the discovery well which are drilled in the NW/4 SE/4 of Section 21 may be located nearer than 300 feet to the discovery well.

RULE 2. No 40-acre proration unit in said San Luis-Mesa

verde Oil. Pool shall produce in excess of the 40-acre top unit gallowable for wells in the 0-5000 foot death in Northwest New allowable for wells in the 0-5000 foot depth in Northwest New Mexico, regardless of the number of wells drilled on such 40-acre proration unit.

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

SHIPP-STRAWN PUOL Lea County, New Mexico

Order No. R-8062-A, Creating and Adopting Temporary Operating Rules for the Shipp-Strawn Pool, Lea County, New Mexico, January 21, 1986.

Application of the Oil Conservation Division on its Own Motion to Amend Division Order No. R-8062 and to Contract the Horizontal Limits of the East Lovington-Pennsylvanian Pool, Lea County, New Mexico. www.

CASE NO. 8790 Order No. R-8062-A

SECTION II

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8 a.m. on December 18, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of January, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Division Order No. R-8062 issued on October 31, 1985, in Case No. 8696 classified, created and designated the Shipp-Strawn Pool, promulgated temporary special rules and regulations therefor, and assigned an oil discovery allowable to the Pennzoil Company Viersen Well No. 1, located 2130 feet from the South line and 660 feet from the East line (Unit I) of Section 4. Tempolis 12. South Panns 27 Feet NMPM selic Located 2130 feet from the South line and 660 feet from the East line (Unit I) of Section 1. Township 17 South, Range 37 East, NMPM, all in Lea ounty, New Mexico.

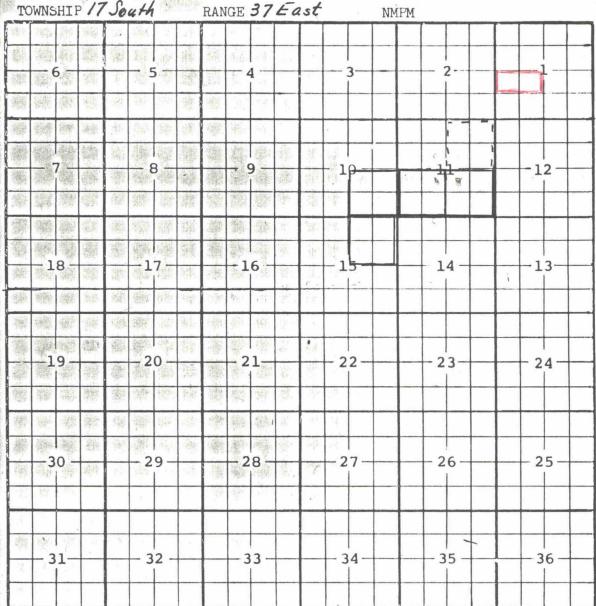
- (3) In the present case, the New Mexico Oil Conservation Division (Division) on its own motion seeks the following amendments to Division Order No. R-8062:
- (a) correction of the oil discovery allowable assigned to Pennzoil Company Viersen Well No. 1;
 - (b) amendment of the horizontal limits of the pool;
- (c) revision of the well location provisions of the Special Pool Rules to require well locations to be no further than 150 feet from the center of a governmental quarter-quarter section or lot. and
- (d) deletion of the limitation imposed on the pool restricting the applicability of the Special Pool Rules to the area within the pool boundaries.
- (4) The Division further seeks to contract the horizontal limits of the East Lovington-Pennsylvanian Pool by the deletion therefrom of the NW/4 NW/4 of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.
 - (5) The evidence presented in this case indicated that:
- (a) The NW/4 NW/4 of said Section 4 is more properly classified as being in the Shipp-Strawn Pool that the East Lovington-Pennsylvanian Pool;
- (b) there is insufficient evidence at this time to include more than the N/2 and SE/4 of said Section 4 within the boundaries of said Shipp-Strawn Pool;
- (c) the special rules for the Shipp-Strawn Pool should not be limited to that area only within the boundaries of said pool but should apply also within one mile thereof; and,
- (d) rules requiring well locations within 150 feet of the center of the quarter-quarter section would better serve to protect the correlative rights of the owners within said pool.
- (6) The evidence presented at this hearing also demonstrated that the discovery allowable assigned to the Pennzoil Company Viersen Well No. 1, located 2130 feet from the South line and 660 feet from the East line of said Section 4, was improperly calculated and should be reduced to 55,595 barrels of oil total.
- (7) An order entered amending said discovery allowable, revising said pool boundaries as described above, and incorporating the above described changes in special pool rules will better protect correlative rights and will not result in waste.
- The effective date of this order should be January 21,

IT IS THEREFORE ORDERED THAT:

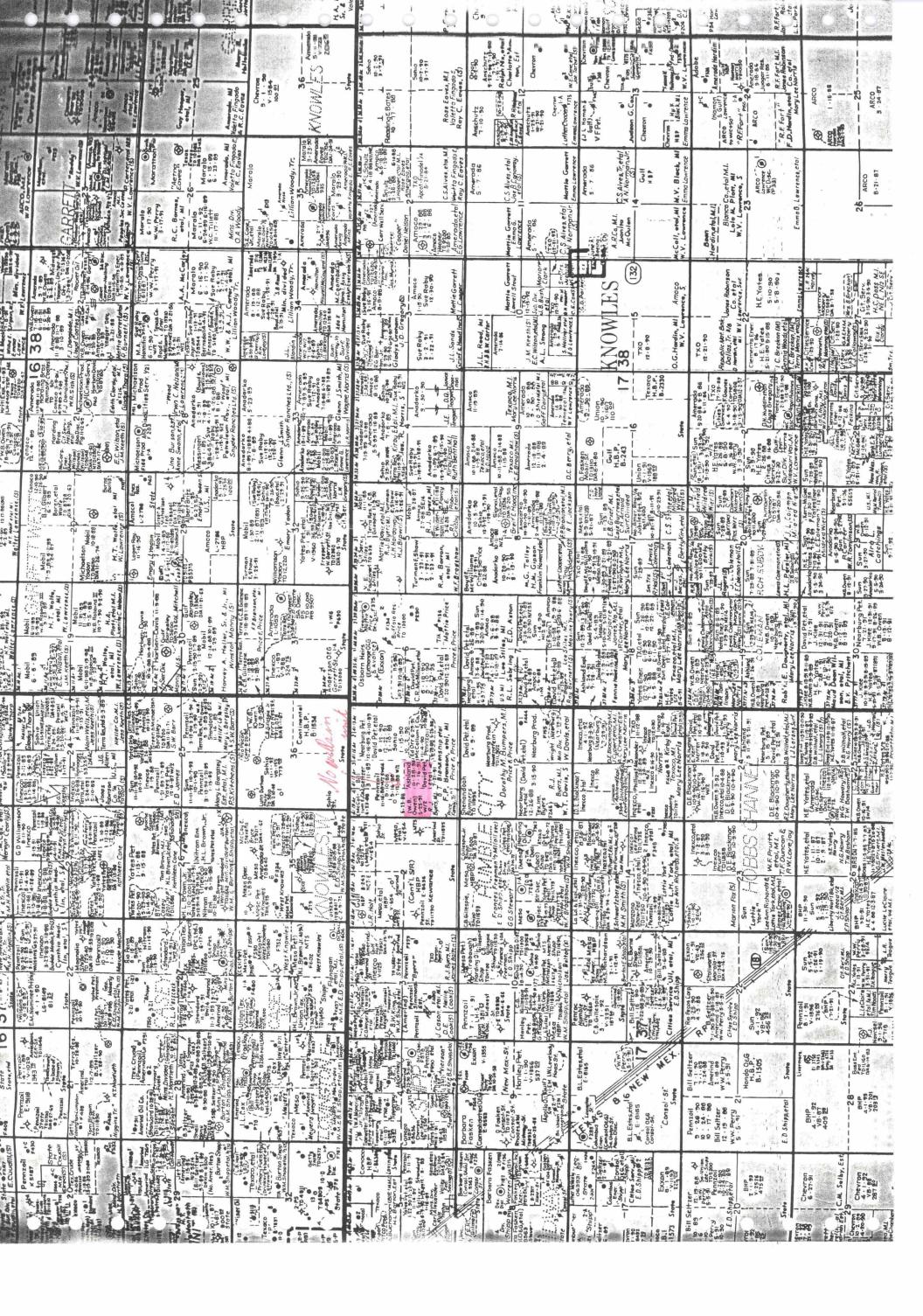
- (1) The East Lovington-Pennsylvanian Pool as heretofore defined and described is hereby contracted by the deletion therefrom of the NW/4 NW/4 of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.
- (2) The horizontal limits of the Shipp-Strawn Pool, as heretofore defined and described in Lea County, New Mexico, are hereby amended to include therein the following described

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM Section 4: N/2 and SE/4

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