

CASE 5632: Motion of OCC to
consider AMENDMENT OF SPECIAL
RULES FOR DEVILS FORK-GALLUP POOL,
Rio Arriba County

CASE NO.

5632

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conserva-
tion Commission on its own motion to
consider the amendment of the Special
Pool Rules for the Devils Fork-Gallup
Pool, Rio Arriba County, New Mexico.

CASE
5632

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	William F. Carr, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I N D E X

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

Page

A. R. KENDRICK

3

Direct Examination by Mr. Carr

EXHIBIT INDEX

OCC Exhibit No. One, Recommendations

6

1 MR. STAMETS: We will call Case 5632, being
2 a hearing called by the Oil Conservation Commission on its own
3 motion to consider the amendment of the Special Rules for the
4 Devils Fork-Gallup Pool, Rio Arriba County, New Mexico.

5 Call for appearances in this case.

6 MR. CARR: William F. Carr appearing for the
7 Commission and the record should reflect that he has been
8 previously sworn.

9 MR. STAMETS: The record will show that Mr. Kendrick
10 has been sworn. Any other appearances? You may proceed.

11
12 A. R. KENDRICK
13 called as a witness, having been previously sworn, was
14 examined and testified as follows:

15
16 DIRECT EXAMINATION

17 BY MR. CARR:

18 Q State your name and position for the record, please?

19 A A. R. Kendrick, District Supervisor for the Oil
20 Conservation Commission.

21 Q Mr. Kendrick do your duties as District Supervisor
22 include making recommendations to the Commission concerning the
23 amendment of special pool rules in Northwest New Mexico?

24 A They do.

25 Q Are you familiar with the subject matter of Case

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 5632?

2 A. Yes, sir.

3 Q. Would you please explain to the Examiner what the
4 Commission is seeking in this case?

5 A. The Special Pool Rules for the Devils Fork-Gallup
6 Pool provide for gas allocations based on oil recovery from
7 the pool. At the present time all wells, gas wells and oil
8 wells, are marginal wells in this pool. The volumetric with-
9 drawal formula has served its purpose and, therefore, I
10 recommend that the volumetric formula be dismissed with
11 and that the gas allocation in this pool be assigned as it
12 is assigned in the Angels Peak-Gallup Pool which is another
13 associated reservoir of similar character and the gas alloca-
14 tion is based on the oil allowable instead of a volumetric
15 withdrawal formula and it would simplify our bookkeeping
16 considerably because we are keeping a lot of books for a
17 bunch of marginal wells.

18 Q. Are your recommendations contained in the form of
19 an exhibit?

20 A. Yes, sir.

21 Q. Is that marked Oil Conservation Commission Exhibit
22 One?

23 A. Yes, sir.

24 Q. Will you please summarize for the Examiner the
25 changes which are set out on Exhibit One?

1 A. All right. In the Special Pool Rules for the Devils
2 Fork Pool, Rules Six-A, Six-B, Seven-A and Seven-B, require
3 preliminary nominations and supplementary nominations and
4 allocations based on the nominations to the gas wells in this
5 Pool and I recommend that they be deleted and that Rule Seven
6 from the Angel Peak Pool be instituted, which is a straight
7 acreage type allocation based on the oil allowable.

8 In Rule Eight, the first four paragraphs relate to
9 preliminary and supplemental nominations and tentative gas
10 allowables to be assigned. I recommend that that be deleted
11 and that Rule Eight-A and Eight-B as are currently in the
12 Pool Rules remain intact.

13 I recommend that Rule Eleven, which is gas pool
14 minimal allowable assignment of a million feet per month be
15 eliminated.

16 The pool balancing in the Rules Thirteen through
17 all of Fourteen and Rules Fifteen-A, B, C and D be deleted
18 and that the Angel Peak Rules Thirteen, Fourteen, Fifteen and
19 Sixteen be instituted in their place. This is the pool
20 balancing by volumetric formula withdrawal and they be
21 balanced as they are because of over-production or under-
22 production in the oil well allocation.

23 The classification of the wells in Rule Sixteen
24 through Twenty should be eliminated because they will not be
25 classified as gas wells as marginal or non-marginal and Rule

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 Twenty-eight needs to be deleted, which refers to the average
2 reservoir pressure which is part of the calculation in the
3 volumetric formula.

4 Q Do you have anything further to add to your testimony?

5 A No, sir.

6 MR. CARR: At this time, Mr. Examiner, I offer
7 Oil Conservation Commission Exhibit One.

8 MR. STAMETS: Exhibit One will be admitted.

9 (THEREUPON, Oil Conservation Commission
10 Exhibit One was admitted into evidence.)

11 MR. CARR: I have nothing further.

12 MR. STAMETS: Are there any questions of the witness?

13 He may be excused.

14 (THEREUPON, the Witness was excused.)

15 MR. STAMETS: Are there any statements in this case?

16 MR. MANNING: E. R. Manning, El Paso Natural Gas
17 Company. We are the operator of one well and the purchaser of
18 gas in four other wells here in this field. We support the
19 Commission in the simplification of the accounting procedures
20 here. Thank you.

21 MR. STAMETS: Anything further in this case? We
22 will take the case under advisement.

23

24

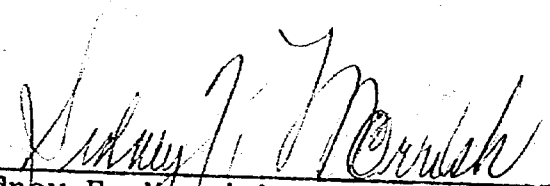
25

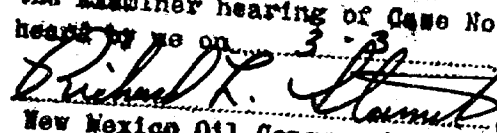
sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 7

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5632,
heard by me on 3-3, 1976.
, Examiner
New Mexico Oil Conservation Commission

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conserva-
tion Commission on its own motion to
consider the amendment of the Special
Pool Rules for the Devils Fork-Gallup
Pool, Rio Arriba County, New Mexico.

CASE
5632

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 2

I N D E X

Page

3 A. R. KENDRICK

4 Direct Examination by Mr. Carr

3

EXHIBIT INDEX

11 OCC Exhibit No. One, Recommendations

6

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 MR. STAMETS: We will call Case 5632, being
2 a hearing called by the Oil Conservation Commission on its own
3 motion to consider the amendment of the Special Rules for the
4 Devils Fork-Gallup Pool, Rio Arriba County, New Mexico.

5 Call for appearances in this case.

6 MR. CARR: William F. Carr appearing for the
7 Commission and the record should reflect that he has been
8 previously sworn.

9 MR. STAMETS: The record will show that Mr. Kendrick
10 has been sworn. Any other appearances? You may proceed.

11
12 A. R. KENDRICK

13 called as a witness, having been previously sworn, was
14 examined and testified as follows:

15
16 DIRECT EXAMINATION

17 BY MR. CARR:

18 Q State your name and position for the record, please?

19 A A. R. Kendrick, District Supervisor for the Oil
20 Conservation Commission.

21 Q Mr. Kendrick do your duties as District Supervisor
22 include making recommendations to the Commission concerning the
23 amendment of special pool rules in Northwest New Mexico?

24 A They do.

25 Q Are you familiar with the subject matter of Case

1 5632?

2 A Yes, sir.

3 Q Would you please explain to the Examiner what the
4 Commission is seeking in this case?

5 A The Special Pool Rules for the Devils Fork-Gallup
6 Pool provide for gas allocations based on oil recovery from
7 the pool. At the present time all wells, gas wells and oil
8 wells, are marginal wells in this pool. The volumetric with-
9 drawal formula has served its purpose and, therefore, I
10 recommend that the volumetric formula be dismissed with
11 and that the gas allocation in this pool be assigned as it
12 is assigned in the Angels Peak-Gallup Pool which is another
13 associated reservoir of similar character and the gas alloca-
14 tion is based on the oil allowable instead of a volumetric
15 withdrawal formula and it would simplify our bookkeeping
16 considerably because we are keeping a lot of books for a
17 bunch of marginal wells.

18 Q Are your recommendations contained in the form of
19 an exhibit?

20 A Yes, sir.

21 Q Is that marked Oil Conservation Commission Exhibit
22 One?

23 A Yes, sir.

24 Q Will you please summarize for the Examiner the
25 changes which are set out on Exhibit One?

1 A. All right. In the Special Pool Rules for the Devils
2 Fork Pool, Rules Six-A, Six-B, Seven-A and Seven-B, require
3 preliminary nominations and supplementary nominations and
4 allocations based on the nominations to the gas wells in this
5 Pool and I recommend that they be deleted and that Rule Seven
6 from the Angel Peak Pool be instituted, which is a straight
7 acreage type allocation based on the oil allowable.

8 In Rule Eight, the first four paragraphs relate to
9 preliminary and supplemental nominations and tentative gas
10 allowables to be assigned. I recommend that that be deleted
11 and that Rule Eight-A and Eight-B as are currently in the
12 Pool Rules remain intact.

13 I recommend that Rule Eleven, which is gas pool
14 minimal allowable assignment of a million feet per month be
15 eliminated.

16 The pool balancing in the Rules Thirteen through
17 all of Fourteen and Rules Fifteen-A, B, C and D be deleted
18 and that the Angel Peak Rules Thirteen, Fourteen, Fifteen and
19 Sixteen be instituted in their place. This is the pool
20 balancing by volumetric formula withdrawal and they be
21 balanced as they are because of over-production or under-
22 production in the oil well allocation.

23 The classification of the wells in Rule Sixteen
24 through Twenty should be eliminated because they will not be
25 classified as gas wells as marginal or non-marginal and Rule

sid morrish reporting service

General Court Reporting Service
825 Calle Mijia, No. 112, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 Twenty-eight needs to be deleted, which refers to the average
2 reservoir pressure which is part of the calculation in the
3 volumetric formula.

4 Q Do you have anything further to add to your testimony?

5 A No, sir.

6 MR. CARR: At this time, Mr. Examiner, I offer
7 Oil Conservation Commission Exhibit One.

8 MR. STAMETS: Exhibit One will be admitted.

9 (THEREUPON, Oil Conservation Commission
10 Exhibit One was admitted into evidence.)

11 MR. CARR: I have nothing further.

12 MR. STAMETS: Are there any questions of the witness?
13 He may be excused.

14 (THEREUPON, the Witness was excused.)

15 MR. STAMETS: Are there any statements in this case?

16 MR. MANNING: E. R. Manning, El Paso Natural Gas
17 Company. We are the operator of one well and the purchaser of
18 gas in four other wells here in this field. We support the
19 Commission in the simplification of the accounting procedures
20 here. Thank you.

21 MR. STAMETS: Anything further in this case? We
22 will take the case under advisement.


23
24
25

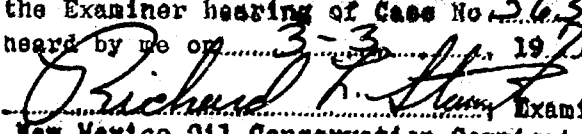
sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 7

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5632
heard by me on 3-3 1976

Richard R. Hunt, Examiner
New Mexico Oil Conservation Commission

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 ON ITS
OWN MOTION TO CONSIDER THE
AMENDMENT OF SPECIAL POOL RULES,
RIO ARriba COUNTY, NEW MEXICO.

CASE NO. 5632
Order No. R-5181

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 3, 1976,
at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 23rd day of March, 1976, 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 there is need to amend the Special Pool Rules
for the Devils Fork-Gallup Associated Pool, Rio Arriba County,
New Mexico, to delete therefrom provisions for a volumetric
withdrawal formula and substitute therefor a casinghead gas
equivalent formula.

(3) That all oil wells and gas wells in said pool are now
marginal wells.

(4) That the proposed revisions will result in more
economical operation of said pool, will not cause waste, will
not violate correlative rights, and should be approved.

(5) That Commission Orders Nos. R-1670-B, R-1670-B-1,
R-1670-B-2, and R-1670-B-3 should be rescinded.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1976, Special Rules and
Regulations for the Devils Fork-Gallup Associated Pool, Rio
Arriba County, New Mexico, are hereby amended to read in their
entirety as follows:

SPECIAL RULES AND REGULATIONS FOR THE
DEVILS FORK-GALLUP ASSOCIATED POOL

RULE 1. Each well completed or recompleted in the Gallup formation within the boundary of the Devils Fork-Gallup Associated Pool or within one mile thereof, and not nearer to nor within the boundaries of another designated Gallup pool, shall be drilled, spaced, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well completed or recompleted in the Devils Fork-Gallup Associated Pool shall be located on a tract consisting of approximately 320 acres which may reasonably be presumed to be productive of gas from said pool, and which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these Rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard gas unit. Nothing contained herein shall be construed as prohibiting the drilling of a gas well on each quarter section in the 320-acre unit.

(b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit consists of contiguous quarter-quarter sections or lots.
- (2) The non-standard unit consists of not more than 324 acres and lies wholly within a single governmental section.
- (3) The entire non-standard unit may reasonably be presumed to be productive of gas from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators, and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.
- (5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the afore-said operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

Case No. 5632
Order No. R-5181

(c) The District Supervisor shall have authority to approve non-standard gas proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of less than 316 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

(d) The allowable assigned to any such non-standard gas proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 320 acres.

RULE 3. (a) Each oil well completed or recompleted in the Devils Fork-Gallup Associated Pool shall be located on a unit containing approximately 80 acres, which may reasonably be presumed to be productive of oil from said pool, and which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section. For purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit. Nothing contained herein shall be construed as prohibiting the drilling of an oil well on each of the quarter-quarter sections in the 80-acre unit.

(b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 3 (a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit is to consist of a single quarter-quarter section or lot.

(2) The non-standard unit consists of not more than 81 acres.

(3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no operator has entered an objection to the formation of such non-standard unit.

(c) The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two contiguous quarter-quarter

Case No. 5632
Order No. R-5181

sections or lots comprising less than 79 acres lying within a single governmental quarter section and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

(d) The allowable assigned to any such non-standard oil proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 80 acres.

RULE 4. (a) Each well, oil or gas, completed or recompleted in the Devils Fork-Gallup Associated Pool shall be located no nearer than 790 feet to any quarter section line and each such well shall be located no nearer than 330 feet to a governmental quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Devils Fork-Gallup Associated Pool prior to the effective date of this order at a location conforming to the well location requirements in effect at the time the well was drilled shall be considered to be located in conformance with this Rule.

(b) The Secretary-Director shall have authority to grant an exception to Rule 4 (a) without notice and hearing when the application has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception. However, such an unorthodox location, if approved, may necessitate an allowable adjustment.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located, a copy of the application to the Commission, and the applicant shall include with his application a list of the names and addresses of all such operators together with a stipulation that proper notice has been given said operators at the addresses listed. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and only in the absence of objection from an offset operator may such application be approved.

RULE 5. A gas well in the Devils Fork-Gallup Associated Pool shall be a well producing with a gas-liquid ratio of 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, or any well which produced liquid hydrocarbons with a gravity of 60 degrees, API or greater. An oil well in the Devils Fork-Gallup Associated Pool shall be a well producing with a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons and which produces liquid hydrocarbons with a gravity of less than 60 degrees API.

RULE 6. The gas-liquid ratio limitation for the Devils Fork-Gallup Associated Pool shall be 2,000 cubic feet of gas per barrel of liquid hydrocarbons produced.

RULE 7. (a) Any oil well in the Devils Fork-Gallup Associated Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2,000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

(b) Any gas well in the Devils Fork-Gallup Associated Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by 2,000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

(c) The full production of gas from each well, including drilling gas, shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 8. The operator of each newly completed well in the Devils Fork-Gallup Associated Pool shall cause a gas-liquid ratio test to be taken on said well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Provided further, that any well which is shut-in shall be exempted from the aforesaid gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, or if the well produces liquid hydrocarbons with a gravity of 60 degrees API or greater, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce. Any operator that desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying it. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests.

-6-

Case No. 5632
Order No. R-5181

RULE 9. Gas-liquid ratio tests shall be taken on all wells in the Devils Fork-Gallup Associated Pool, and on all wells producing from the Gallup formation within one mile of the boundaries of the Devils Fork-Gallup Associated Pool which are not within another designated Gallup oil pool, during the month of November of each year. The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Aztec office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed in the Devils Fork-Gallup Associated Pool after the effective date of this order shall receive an allowable only upon receipt by the Commission's Aztec office of Commission Forms C-104 and C-116, all properly executed. The District Supervisor of the Commission's Aztec office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the Devils Fork-Gallup Associated Pool by 2,000.

RULE 12. The date 7 o'clock a.m. April 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period for the Devils Fork-Gallup Associated Pool.

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

Case No. 5632
Order No. R-5181

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut-in upon a showing after notice and hearing that complete shut-in of the well would result in material damage to the well and/or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form-C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in approximately the same order as they are listed on the oil proration schedule.

RULE 20. Failure to comply with any provision of this Order or the Rules contained herein shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all Rules and Regulations have been complied with. The District Supervisor shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

-8-

Case No. 5632
Order No. R-5181

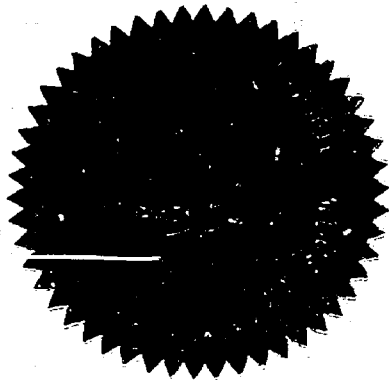
RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage have been filed.

RULE 23. The vertical limits of the Devils Fork-Gallup Associated Pool shall be the Gallup formation.

(2) That Commission Orders Nos. R-1670-B, R-1670-B-1, R-1670-B-2, and R-1670-B-3 are hereby rescinded.

(3) 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 herein-above designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

CASE NO. 5632

The Pool Rules for the Devils Fork-Gallup Pool became effective in 1960 by Order R-1641 and has been amended by several orders.

All wells, both oil and gas wells, in the Devils Fork-Gallup Pool are now marginal according to the volumetric equivalent proration formula now in effect.

The volumetric formula has apparently served the intended purpose.

It is recommended that the pool rules be modified to eliminate the volumetric formula and substitute a gas allocation formula which relates to the oil allocation.

To accomplish this, the following deletions and substitutions should be made:

1. Delete Rules 6 (A), 6 (B), 7 (A), and 7 (B) and substitute the following:

Special Rule 7. Any oil well in the Devils Fork-Gallup Gas Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Devils Fork-Gallup Gas Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit allowable for the pool by 2000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

2. Delete Rule 8 insofar as it relates to tentative allowables or nominations. However, Rules 8 (a) and 8 (b) should remain as is.
3. Delete Rule 11. No minimum allowable to be assigned.
4. Delete Rules 13 thru 15 (D) and substitute the following:

Special Rule 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such

succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

Special Rule 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

Special Rule 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

Rule 15 (E) General Rules Apply.

5. Delete Rules 16 thru 20 and substitute the following:

Special Rule 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

6. Delete Rule 28

All other rules shall remain as is.

1. originally proposed to prevent oil migration

1. Delete Rules 6 (A), 6 (B), 7 (A), and 7 (B) and substitute the following:

Special Rule 7. Any oil well in the Devils Fork-Gallup Gas Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Devils Fork-Gallup Gas Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit allowable for the pool by 2000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

2. Delete Rule 8 insofar as it relates to tentative allowables or nominations. However, Rules 8 (a) and 8 (b) should remain as is.

3. Delete Rule 11. No minimum allowable to be assigned.

4. Delete Rules 13 thru 15 (D) and substitute the following:

Special Rule 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

Special Rule 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period. In determining the amount of allowable, if any, to be cancelled.

Special Rule 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

Rule 15 (E) General Rules Apply.

5. Delete Rules 16 thru 20 and substitute the following:

Special Rule 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

6. Delete Rule 26

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 5632
Submitted by OCC
Hearing Date 3-3-76

1. Delete Rules 6 (A), 6 (B), 7 (A), and 7 (B) and substitute the following:

Special Rule 7. Any oil well in the Devils Fork-Gallup Gas Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Devils Fork-Gallup Gas Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit allowable for the pool by 2000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

2. Delete Rule 8 insofar as it relates to tentative allowables or nominations. However, Rules 8 (a) and 8 (b) should remain as is.

3. Delete Rule 11. No minimum allowable to be assigned.

4. Delete Rules 13 thru 15 (D) and substitute the following:

Special Rule 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

Special Rule 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

Special Rule 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

Rule 15 (E) General Rules Apply.

5. Delete Rules 16 thru 20 and substitute the following:

Special Rule 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

6. Delete Rule 23

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 5432
Submitted by OCC
Hearing Date 3-3-76

1. Delete Rules 6 (a), 6 (b), 7 (a), and 7 (b) and substitute the following:

Special Rule 7. Any oil well in the Devils Fork-Gallup Gas Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion. Any gas well in the Devils Fork-Gallup Gas Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit allowable for the pool by 2000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

2. Delete Rule 8 insofar as it relates to tentative allowables or non-inations. However, Rules 8 (a) and 8 (b) should remain as is.

3. Delete Rule 11. No minimum allowable to be assigned.

4. Delete Rules 13 thru 15 (D) and substitute the following:

Special Rule 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

Special Rule 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

Special Rule 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

Rule 15 (E) General Rules Apply.

5. Delete Rules 16 thru 20 and substitute the following:

Special Rule 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

6. Delete Rule 28

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 5632

Submitted by OAC

Hearing Date 3-3-76

DEVILS FORK-GALLUP GAS POOL
Rio Arriba County, New Mexico

Order No. R-1670-B, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for North-western New Mexico, for the Devils Fork-Gallup Gas Pool, Rio Arriba County, New Mexico, November 1, 1960, as Amended by Order No. R-1670-B-1, October 18, 1962, Order No. R-4367, August 30, 1972, Order No. R-4404, September 27, 1972, and Order No. R-4583, August 1, 1973.

Order No. R-1670-B Supersedes Order No. R-1641, Creating and Adopting Rules for the Devils Fork-Gallup Gas Pool, Rio Arriba County, New Mexico, March 30, 1960, as Superseded by Order No. R-1641-A, June 10, 1960.

Application of the Oil Conservation Commission on its own motion to permit interested parties to appear and present testimony relative to the drilling, spacing, and production of wells in the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico.

CASE NO. 2049
Order No. R-1670-B

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on August 17, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1960, 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 by Order No. R-1641-A, the Commission promulgated temporary special rules and regulations governing the drilling, spacing, and production of wells in the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, which Rules provided, among other things, for 40-acre oil proration units and for 320-acre gas units.

(3) That while the Devils Fork-Gallup Pool is presently classified as a gas pool, the evidence adduced at this hearing as well as at previous hearings clearly indicates that it is in fact an "associated" reservoir, producing oil from an oil-saturated sand overlain by gas-cap being contained in a common and contiguous gas-saturated sand.

(4) That the parties appearing at the hearing on August 17, 1960, proposed that 80-acre proration units be established for wells in the pool which would be classified as oil wells, and that operators be permitted to assign up to 320 acres to wells which would be classified as gas wells. Further, the parties proposed that the limiting gas-liquid ratio for the pool be set at 2000 to 1.

(5) That the parties also proposed that any well in the pool producing with a gas-liquid ratio of 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, or any well which produces liquid hydrocarbons with a gravity of 60 degrees API or greater be classified as a gas well, and that any well producing with a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons and which produces liquid hydrocarbons with a gravity of less than 60 degrees API be classified as an oil well.

(6) That the parties proposed that both the gas area and the oil area be prorated, and certain of the parties appearing proposed that the gas allocation formula be based on 75 percent acreage times deliverability plus 25 percent acreage. Other parties advocated a straight-acreage gas proration formula.

(7) That the evidence establishes that the gas area in the pool can be efficiently and economically drained and developed on 320-acre gas proration units, and it further establishes that the oil area in the pool can be efficiently and economically drained and developed on 80-acre oil proration units.

(8) That the volumetric withdrawal formula proposed by the parties is designed to keep the gas-oil contact substantially constant, thereby preventing waste and protecting correlative rights.

(9) That the top unit allowable for the oil wells in the Devils Fork-Gallup Pool should be determined by multiplying Northwest New Mexico Normal Unit Allowable by the appropriate 80-acre proportional (depth) factor (2.33). Further, that the allowable assigned to the gas area of said pool should be determined by an equivalent volumetric withdrawal formula, based on the total production from the oil area, and calculated each six months, the purpose of which would be to limit the withdrawals from the gas area to the volumetric equivalent of withdrawals from the oil area.

(10) That the parties proposing the inclusion of a deliverability factor in the gas proration formula failed to prove that there is a general correlation between the deliverabilities of the gas wells in the Devils Fork-Gallup Pool and the recoverable gas in place under the tracts dedicated to such gas wells.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. R-1641-A be and the same is hereby superseded, effective November 1, 1960.

(2) That special rules and regulations governing the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, be and the same are hereby promulgated as hereinafter set forth, effective November 1, 1960.

(3) That the General Rules for prorated gas pools in Northwest New Mexico as set forth in Order No. R-1670 are not applicable unless specifically so stated, and where it is stated that said General Rules are applicable such stipulation refers only to gas wells.

(4) That a case is hereby docketed for the Regular Commission Hearing in April, 1962, in order that the Commission can determine at that time whether the special rules and regulations hereinafter set forth have been effective in preventing significant movement of the gas-oil contact. Should conditions warrant such action, the Commission might decide to re-examine these special rules and regulations prior to April, 1962.

SPECIAL RULES AND REGULATIONS

FOR THE

DEVILS FORK-GALLUP POOL

A. WELL LOCATION AND ACREAGE REQUIREMENTS:

RULE 1. Each well completed or recompleted in the Devils Fork-Gallup Pool or in the Gallup formation within one mile of the Devils Fork-Gallup Pool, and not nearer to nor within the limits of another designated Gallup pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well, oil or gas, completed or recompleted in the Devils Fork-Gallup Pool shall be located no nearer than 790 feet to any quarter section line and each such well shall be located no nearer than 330 feet to a governmental quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Devils Fork-Gallup Pool prior to the effective date of this Order at a location conforming to the well location requirements in effect at the time the well was drilled shall be considered to be located in conformance with this Rule.

RULE 3. The Secretary-Director shall have authority to grant an exception to Special Rule 2 without notice and hearing when the application has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception. However, such an unorthodox location, if approved, may necessitate an allowable adjustment.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located a copy of the application to the Commission, and the applicant shall include with his application a list of the names and addresses of all such operators together with a stipulation that proper notice has been given said operators at the addresses listed. The Secretary-Director may approve the unorthodox location twenty days after receipt of the application in the absence of objection by the parties mentioned above.

RULE 4. (a) Each gas well completed or recompleted in the Devils Fork-Gallup Pool shall be located on a tract which can reasonably be presumed to be productive of gas from said pool and which consists of approximately 320 acres, comprising

(DEVILS FORK-GALLUP GAS POOL - Cont'd.)

any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these Rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard gas unit. Nothing contained herein shall be construed as prohibiting the drilling of a gas well on each quarter section in the 320-acre unit.

(b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 4(a) without notice and hearing where an application has been filed in due form and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit consists of contiguous quarter sections or lots.
- (2) The non-standard unit consists of not more than 31 acres and lies wholly within a single governmental section.
- (3) The entire non-standard unit may reasonably be presumed to be productive of gas from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators, and from all operator owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operator were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

(c) The District-Supervisor shall have authority to approve non-standard gas proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of less than 316 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

(d) The allowable assigned to any non-standard gas proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 320 acres.

RULE 5. (a) Each oil well completed or recompleted in the Devils Fork-Gallup Pool shall be located on a unit containing approximately 80 acres which can reasonably be presumed to be productive of oil from said pool and which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section. For purposes of these Rules, a unit containing of between 79 and 81 surface contiguous acres shall be considered a standard unit. Nothing contained herein shall be construed as prohibiting the drilling of an oil well on each of the quarter-quarter sections in the 80-acre unit.

(b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 5(a) above without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit is to consist of a single quarter-quarter section or lot.
- (2) The non-standard unit contains less than 81 acres.
- (3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators.
- (5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were

notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no operator has entered an objection to the formation of such non-standard unit.

(c) The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consist of two quarter-quarter sections or lots and is less than 79 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

(d) The allowable assigned to any non-standard oil proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 80 acres.

B. NOMINATION AND PRORATION SCHEDULE

~~DEVILS FORK~~
RULE 7. Any oil well in the ~~Angels Peak-Gallup Oil~~ Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Angels Peak-Gallup Oil Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit allowable for the pool by 2000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

and December, 1960. These nominations shall each indicate the market demand for gas during the ensuing month and shall be subject to any necessary adjustments.

The provisions of Special Rule 13 (a) relating to the determination of final gas allowable for a six-months proration period on the volumetric equivalent of production from the oil area shall also apply to the initial three-months gas proration period and the final gas allowable for said period shall be the volumetric equivalent of production from the oil area during November and December, 1960, and January, 1961.

Preliminary nominations for the first full six-months gas proration period shall be filed with the Commission at least five days prior to the December hearing.

(a) No well shall be assigned an allowable until Form C-104, Form C-110, and Form C-116 have been filed, together with a plat (Form C-128) showing the acreage dedicated to the well and the location of all wells on the unit. Form C-116 shall show, in addition to the information required thereon, the gravity of the liquid hydrocarbons produced on the test.

The District Supervisor of the Commission's Aztec District Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by 2000.

(b) Oil well allowables shall be determined in accordance with the provisions of Statewide Rule 505.

RULE 9. (a) A gas well's "Acreage Factor" shall be determined to the nearest hundredth of a unit by dividing the acreage assigned to the well by 320 acres. An oil well's acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage assigned to the well by 80 acres.

(b) The allowable to be assigned to each marginal gas well shall be equal to the maximum production of such well during any month of the preceding gas proration period.

(c) Each oil well on an 80-acre oil proration unit shall

DELA

(DEVILS FORK-GALLUP GAS POOL - Cont'd.)

be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.

(d) Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-128) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

RULE 10(A). (General Rules applicable)

D. BALANCING OF PRODUCTION

RULE 13
and Delet
R-1583, n
Mexico P

SPECIAL
August 30
wells in
month by
Allowable
pool (2.33
shall be
twelve-mo

(a)

V equ

(r-1

where:
V :

Q :

(A / ΔA) :

(a / Δa) :

(Note: A
and to oil
ΔA and Δa
of the twel
reclassifie
be computed as follows)

RULE 13 Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14 Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15 Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16 The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

~~A equals A(d) / (D) Δ equals a(d) / (D)~~

where:
~~ΔA or Δa : acreage to be added to gas or oil area, respectively.~~
~~A or a : acreage dedicated to the well.~~
~~d : number of days during proration period during which well was completed as gas well or as oil well and was so classified.~~
~~D : total number of days in proration period.~~
~~r-1 : Average producing GOR for oil area during preceding twelve-month period. (Determined by dividing total cubic feet of casinghead gas produced by total barrels of oil produced.)~~
~~r-2 : Solution GOR for the oil area at P-res. (r-2 determined from Solution GOR Tabulation in Special Rule 13(b).)~~
~~T-sc : Temperature at standard conditions equals 60 degrees F or 520 degrees R.~~
~~T-res : Initial bottomhole temperature, assumed to remain constant at 147 degrees F or 607 degrees R.~~
~~P-res : Average reservoir pressure based on most recent bottomhole pressure survey as provided in Special Rule 25.~~
~~P-sc : Pressure at standard conditions. (15.025 psia.)~~
~~Z : Deviation factor for gas at P-res and at 147 degrees F. (Z determined from gas Deviation Factor on Special Rule 13(b).)~~
~~B-o : Reservoir Volume Factor at P-res. (B-o determined from Reservoir Volume Factor Tabulation in Special Rule 13(b).)~~

constant values in Formula (a) above,

~~(ΔA) / (Δa)~~

~~(10 x P-res x 1 x B-o x 5.61 (t-3)) / (17 15.025 Z bbl)~~

~~(ΔA) / (Δa)~~

~~32 x P-res x B-o / Z~~

is equivalent of gas for the gas area above shall be compared with the actual gas area.

production from the gas area exceeds equivalent plus any permitted production reduced by (b) below, then the nominations and chasers during the succeeding twelve month period by the Commission so that the volume from the gas area shall be restricted for computing the cumulative equivalent volumetric gas area.

production from the gas area is less than equivalent for the gas area then no adjustment but the difference between the volumes shall be permitted production of gas from subsequent balancing periods.

(b). The following values of r-2, Solution Gas Deviation Factor, and B-o, Oil Reservoir Volume Factor, shall be used in computing the volumetric equivalent of gas per Special Rule 13(a).

~~volumetric equivalent of gas per Special Rule 13(a)~~

13, 14, 15, 16 AP

(DEVILS FORK-GALLUP GAS POOL - Cont'd.)

Average Reservoir Pressure, Psia	Solution GOR Ft-3/Bbl.	Gas Deviation Factor	Oil Reservoir Volume Factor
2000	935	.785	1.434
1900	890	.789	1.424
1800	850	.795	1.414
1700	805	.801	1.404
1600	765	.806	1.393
1500	725	.812	1.382
1400	685	.813	1.371
1300	647	.832	1.360
1200	610	.842	1.347
1100	570	.853	1.335
1000	536	.864	1.322
900	498	.876	1.309
800	463	.889	1.295
700	429	.902	1.280
600	396	.915	1.262
500	365	.927	1.245
400	335	.941	1.227
300	300	.954	1.208
200	255	.968	1.190
100	195	.982	1.160

RULE 14(A). (General Rules applicable)
 RULE 14(B). (General Rules applicable)
 RULE 15(A). (General Rules applicable)

RULE 15(b). If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

~~RULE 16(C). (General Rules applicable)~~
~~RULE 16(D). (General Rules applicable)~~
 RULE 15(E). (General Rules applicable)

E. CLASSIFICATION OF WELLS

~~RULE 16(A). (General Rules applicable)~~
~~RULE 16(B). (General Rules applicable)~~
 RULE 17. (General Rules applicable)

RULE 18. If, at the end of a proration period, a marginal gas well has produced more than the total allowable assigned a non-marginal unit of corresponding size for that period, the marginal well shall be reclassified as a non-marginal well and its allowable and net status shall be adjusted accordingly.

~~RULE 19. (General Rules applicable)~~
~~RULE 20. (General Rules applicable)~~

F. REPORTING OF PRODUCTION

RULE 21(A). (General Rules applicable)
 RULE 21(B). (General Rules applicable)
 RULE 21(C). (General Rules applicable)
 RULE 21(D). (General Rules applicable)

G. GENERAL

RULE 22. (As Amended by Order No. R-1670-B-1, October 18, 1962.) No gas, either dry gas or casinghead gas, produced from the Devils Fork-Gallup Pool shall be flared or vented except as otherwise provided in these Special Rules and Regulations. All gas produced, whether dry gas or casinghead gas and regardless of final disposition thereof, shall be constantly and accurately measured.

RULE 23. (General Rules applicable)

RULE 24. All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection or reconnection.

H. MISCELLANEOUS SPECIAL POOL RULES

RULE 26. The operator of each newly completed well in the Devils Fork-Gallup Pool shall cause a gas-liquid ratio test to be taken on said well upon recovery of all load oil from the well, provided, however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 8(a) above. Provided, however, that any well which is shut-in shall be exempted from the aforesaid gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Special Rule 27 below. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, or the gravity of the liquid hydrocarbons is 60 degrees API or greater, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce. Exceptions may be granted administratively by the Secretary-Director if the request sets forth facts and circumstances justifying such exception.

RULE 27. (As Amended by Order No. R-4404, September 27, 1972.) Gas-liquid ratio tests shall be taken on all wells in the Devils Fork-Gallup Pool and on all wells producing from the Gallup formation within one mile of the boundaries of the Devils Fork-Gallup Pool which are not within another designated Gallup pool during the month of November of each year. The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio test, each operator shall file with the Aztec District Office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

~~RULE 28. (As Amended by Order No. R-4404, September 27, 1972.) The average reservoir pressure shall be determined during November of each year after the well has been shut-in for a minimum of 3 days. Pressure shall be calculated to a common datum, which shall be the approximate depth of the gas-oil contact (1025 feet above sea level). The pressure on individual wells shall be determined in the following manner:~~

(1) Subsurface pressure tests shall be taken on all wells, gas and oil, in accordance with the procedure outlined in Statewide Rule 302, except with respect to shut-in time and datum as provided above. Pressures of pumping oil wells may be calculated from sonic fluid level determinations.

(2) Information obtained on these tests shall be reported on Form C-124 in accordance with the provisions of Statewide Rules 302 and 1123, and the Commission shall use the arithmetic average of the pressures so reported for the pressure, ~~as provided in Special Rule 12(a).~~

RULE 29. The gas-oil ratio limitation for the Devils Fork-Gallup Pool shall be 2000 cubic feet of gas per barrel of liquid hydrocarbons produced.

RULE 30. No acreage shall be simultaneously dedicated to an oil well and to a gas well in the Devils Fork-Gallup Pool.

RULE 31. The vertical limits of the Devils Fork-Gallup Pool shall be the Gallup formation.

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

(General Pool Rules also apply unless in conflict with these Special Pool Rules)

Memo

From

A. R. KENDRICK

To Dick:

I think these may
have a better sequence
of numbers to be
more in line with
R-1670.

Al

The Pool Rules for the Devils Fork-Gallup Pool became effective in 1960 by Order R-1641 and has been amended by several orders.

All wells, both oil and gas wells, in the Devils Fork-Gallup Pool are now marginal according to the volumetric equivalent proration formula now in effect.

The volumetric formula has apparently served the intended purpose.

It is recommended that the pool rules be modified to eliminate the volumetric formula and substitute a gas allocation formula which relates to the oil allocation.

To accomplish this, the following deletions and substitutions should be made:

1. Delete Rules 6 (A), 6 (B), 7 (A), and 7 (B) and substitute the following:

Special Rule 7. Any oil well in the Devils Fork-Gallup Gas Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Devils Fork-Gallup Gas Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit allowable for the pool by 2000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

2. Delete Rule 8 insofar as it relates to tentative allowables or nominations. However, Rules 8 (a) and 8 (b) should remain as is.

3. Delete Rule 11. No minimum allowable to be assigned.

4. Delete Rules 13 thru 15 (D) and substitute the following:

Special Rule 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such

succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

Special Rule 13B ~~14~~. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

Special Rule 14A ~~15~~. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

Rule 15 (E) General Rules Apply.

5. Delete Rules 16 thru 20 and substitute the following:

Special Rule 14B ~~15~~. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

6. Delete Rule 28.

All other rules shall remain as is.

The Pool Rules for the Devils Fork-Gallup Pool became effective in 1960 by Order R-1641 and has been amended by several orders.

All wells, both oil and gas wells, in the Devils Fork-Gallup Pool are now marginal according to the volumetric equivalent proration formula now in effect.

The volumetric formula has apparently served the intended purpose.

It is recommended that the pool rules be modified to eliminate the volumetric formula and substitute a gas allocation formula which relates to the oil allocation.

To accomplish this, the following deletions and substitutions should be made:

1. Delete Rules 6 (A), 6 (B), 7 (A), and 7 (B) and substitute the following:

Special Rule 7. Any oil well in the Devils Fork-Gallup Gas Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Devils Fork-Gallup Gas Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit allowable for the pool by 2000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

2. Delete Rule 8 insofar as it relates to tentative allowables or nominations. However, Rules 8 (a) and 8 (b) should remain as is.

3. Delete Rule 11. No minimum allowable to be assigned.

4. Delete Rules 13 thru 15 (D) and substitute the following:

Special Rule 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such

succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

Special Rule 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

Special Rule 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

Rule 15 (E) General Rules Apply.

5. Delete Rules 16 thru 20 and substitute the following:

Special Rule 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

6. Delete Rule 28

All other rules shall remain as is.

The Pool Rules for the Devils Fork-Gallup Pool became effective in 1960 by Order R-1641 and has been amended by several orders.

All wells, both oil and gas wells, in the Devils Fork-Gallup Pool are now marginal according to the volumetric equivalent proration formula now in effect.

The volumetric formula has apparently served the intended purpose.

It is recommended that the pool rules be modified to eliminate the volumetric formula and substitute a gas allocation formula which relates to the oil allocation.

To accomplish this, the following deletions and substitutions should be made:

1. Delete Rules 6 (A), 6 (B), 7 (A), and 7 (B) and substitute the following:

Special Rule 7. Any oil well in the Devils Fork-Gallup Gas Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Devils Fork-Gallup Gas Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit allowable for the pool by 2000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

2. Delete Rule 8 insofar as it relates to tentative allowables or nominations. However, Rules 8 (a) and 8 (b) should remain as is.

3. Delete Rule 11. No minimum allowable to be assigned.

4. Delete Rules 13 thru 15 (D) and substitute the following:

Special Rule 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such

succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

Special Rule 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

Special Rule 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

Rule 15 (E) General Rules Apply.

5. Delete Rules 16 thru 20 and substitute the following:

Special Rule 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

6. Delete Rule 28

All other rules shall remain as is.

The Pool Rules for the Devils Fork-Gallup Pool became effective in 1960 by Order R-1641 and has been amended by several orders.

All wells, both oil and gas wells, in the Devils Fork-Gallup Pool are now marginal according to the volumetric equivalent proration formula now in effect.

The volumetric formula has apparently served the intended purpose.

It is recommended that the pool rules be modified to eliminate the volumetric formula and substitute a gas allocation formula which relates to the oil allocation.

To accomplish this, the following deletions and substitutions should be made:

1. Delete Rules 6 (A), 6 (8), 7 (A), and 7 (8) and substitute the following:

Special Rule 7. Any oil well in the Devils Fork-Gallup Gas Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Devils Fork-Gallup Gas Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit allowable for the pool by 2000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

2. Delete Rule 8 insofar as it relates to tentative allowables or nominations. However, Rules 8 (a) and 8 (b) should remain as is.

3. Delete Rule 11. No minimum allowable to be assigned.

4. Delete Rules 13 thru 15 (D) and substitute the following:

Special Rule 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such

succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

Special Rule 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

Special Rule 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

Rule 15 (E) General Rules Apply.

5. Delete Rules 16 thru 20 and substitute the following:

Special Rule 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

6. Delete Rule 28

All other rules shall remain as is.

Dockets Nos. 9-76 and 10-76 are tentatively set for hearing on March 17 and March 31, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 3, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 5621: (Continued and Readvertised)

Application of El Paso Natural Gas Company, as agent for Northwest Production Corporation, for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota and Blanco-Mesaverde gas production in the wellbore of the Northwest Production Corporation Jicarilla 119N Well No. 4, located in Unit H of Section 6, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 5631: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, to permit the drilling of wells in said pool at any point within a 40-acre tract not closer than 330 feet to the outer boundary thereof.

CASE 5632: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, to delete therefrom the provisions for a volumetric withdrawal formula and substitute therefor a casinghead gas equivalent formula similar to that in effect for the Angels Peak-Gallup Pool, as promulgated by Order No. R-1410-C.

CASE 5633: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry, Tubb-Drinkard and Devonian production in the wellbore of its J. P. No. 1 Well located in Unit C of Section 2, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5634: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Dome Unit Area comprising 7,641 acres, more or less, of State lands in Township 17 South, Ranges 17 and 18 East, Chaves County, New Mexico.

CASE 5635: Application of Sundance Oil Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the perforated interval from approximately 3852 to 3858 feet in its Ingram Federal Well No. 2 located in Unit I of Section 5, Township 8 South, Range 31 East, Tom Tom-San Andres Pool, Chaves County, New Mexico.

CASE 5636: Application of Julian Ard for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the center of the SW/4 SE/4 of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico, in exception to the provisions of Rule 4, Order No. R-3850.

CASE 5637: Application of R. C. Bennett & J. C. Ryan for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Exxon-State Well No. 2, located in Unit F of Section 25, Township 19 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Upper Pennsylvanian formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 5638: Application of Belco Petroleum Corporation for Amendment of Order No. R-5111, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Commission Order No. R-5111, which order pooled all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 5, Township 22 South, Range 27 East, to be dedicated to a well drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 5. Applicant proposes the amendment of said order to pool all such mineral interests in the formations of Mississippian and Siluro-Devonian age underlying the W/2 of said Section 5 and to approve the unorthodox location of the well for said formations.

CASE 5639: Application of Franklin, Aston & Fair for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Strawn production for its Aztec State No. 3 Well located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 160-acre spacing units.

CASE 5640: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Brunson-Ellenburger, East Brunson-McKee and Drinkard oil production in the wellbore of its Sims No. 6 Well located in Unit M of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 5641: Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the Queen formation through the open-hole interval from approximately 3860 to 3875 feet in his State JC "T" Well No. 1 located in Unit B of Section 16, Township 23 South, Range 35 East, Langille-Morris Pool, Lea County, New Mexico.

CASE 5642: Application of Penroc Oil Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Canyon and Morrow production in the wellbore of its JCW-State Well No. 1, located in Unit O of Section 2, Township 20 South, Range 28 East, Eddy County, New Mexico.

CASE 5643: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Eddy and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the West Arkansas Junction-San Andres Pool. The discovery well is the Coquina Oil Corporation State KKN Well No. 1, located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 20: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Cabin Lake-Atoka Gas Pool. The discovery well is the Corinne Grace Livingston Ridge Unit Well No. 1Y, located in Unit L of Section 36, Township 21 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 36: W/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Grayburg-San Andres production and designated as the Cemetery-Grayburg San Andres Pool. The discovery well is the Gulf Oil Corporation Jones Federal NCT-A Well No. 1, located in Unit L of Section 14, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 14: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Cemetery-Wolfcamp Gas Pool. The discovery well is the David Pasken Seven Rivers Federal Well No. 1, located in Unit C of Section 17, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 17: N/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Henshaw-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Marco Polo EA State Well No. 1, located in Unit H of Section 32, Township 16 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 32: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Queen-Grayburg and San Andres production and designated as the South Loco Hills Queen-Grayburg-San Andres Pool. The discovery well is the Gene A. Snow Alscott Well No. 1, located in Unit I of Section 31, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 31: SE/4 NE/4 & NE/4 SE/4
Section 32: S/2 NW/4, N/2 SW/4, W/2 NE/4 and SE/4 NE/4

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Lusk-Morrow Gas Pool. The discovery well is the Adobe Oil Company Hannifin State Com Well No. 1, located in Unit P of Section 16, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 16: S/2

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Otis-Morrow Gas Pool. The discovery well is the Apexco Inc. Walterschied Com Well No. 1, located in Unit G of Section 35, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 26: W/2
Section 35: All

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Penasco Draw-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Scout EH Federal Com Well No. 2, located in Unit I of Section 27, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 27: E/2

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Scanlon-Morrow Gas Pool. The discovery well is the Harvey E. Yates Fannie Lou Federal Well No. 1, located in Unit G of Section 31, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 31: N/2

(k) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Queen production and designated as the Square Lake-Queen Gas Pool. The discovery well is the Corpening Enterprises Exxon State Well No. 1, located in Unit M of Section 16, Township 16 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 16: SW/4

(l) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 21: S/2 SE/4 & E/2 SW/4
Section 28: N/2 NE/4

(m) EXTEND the North Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 13: N/2
Section 14: All

(n) EXTEND the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 35: E/2
Section 36: W/2

(o) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 19: NE/4

(p) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 25: SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 30: SW/4

- (q) EXTEND the La Rica-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 3: All

- (r) EXTEND the Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 21: SW/4

- (s) EXTEND the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 24: E/2

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 19: W/2

- (t) EXTEND the Tonto (Seven Rivers) Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 13: SW/4
Section 14: S/2

- (u) EXTEND the Townsend-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, & 16, and SE/4

- (v) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 16: All
Section 34: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 3: All

CASE 5098: (Reopened) (Continued from February 18, 1976 Examiner Hearing)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

Case 5632

In the matter of the hearing called by
The Oil Conservation Commission on its
own motion to consider the amendment
of the Special Rules for the Devils Fork
Gallup Pool, Rio Arriba County, New Mexico,
to delete therefrom the provisions for
a volumetric withdrawal formula and
substitute therefor a casinghead gas equivalent
system similar to that in effect for the Ancho
Peak Gallup Pool, as promulgated by Order
No. R-1410-C.

DRAFT

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

ON ITS OWN MOTION TO CONSIDER
THE AMENDMENT OF SPECIAL POOL
RULES, RIO ARRIBA COUNTY,
NEW MEXICO.

CASE NO. 5632
5631
Order No. R- R-5181
1670-B-4

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 3,
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of March, 19 76, 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 there is need to amend the Special Pool Rules for the
Associated
Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, to delete
therefrom provisions for a volumetric withdrawal formula and
substitute therefor a casinghead gas equivalent formula.

-2-

Case No. 5631

Order No. R-1670-B-4

(3) That all oil wells and gas wells in said pool are now marginal wells.

(4) That the proposed revisions will result in more economical operation of said pool, will not cause waste, will not violate correlative rights, and should be approved.

(5) That Commission Orders Nos. R-1670-B, R-1670-~~B~~-1, R-1670-B-2, and R-1670-B-3 should be ^{rescinded} ~~superseded~~.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1976, Special Rules and Regulations for the Devils Fork-Gallup ^{Associated} Pool, Rio Arriba County, New Mexico, are hereby amended to read in their entirety as follows:

3-
CASE No. 1641
Order No. R-1410-C

IT IS FURTHER ORDERED:

- (1) That Commission Order No. R-1410-A be and the same is hereby superseded, effective October 1, 1960.
- (2) That Special Rules and Regulations for the Angels Peak-Gallup Oil Pool be and the same are hereby promulgated as herein-after set forth, effective October 1, 1960.
- (3) That all operators having wells classified as gas wells pursuant to these rules shall file new acreage dedication plats (Commission Form C-128) with the Artec District Office of the Commission prior to November 1, 1960.
- (4) That a Case is hereby docketed for the Regular Commission Hearing in April, 1962, in order that the Commission can, at that time, determine whether the Special Rules and Regulations hereinafter set forth have been effective in preventing significant movement of the gas-oil contact. Should conditions warrant such action, the Commission might decide to re-examine these Special Rules and Regulations prior to April, 1962.

cc
Devils Fork SPECIAL RULES AND REGULATIONS FOR THE ANGELS PEAK-GALLUP OIL POOL ASSOCIATED

RULE 1. Each well completed or recompleted in the Gallup formation within the boundary of the ~~Angels Peak-Gallup Oil Pool~~ or within one mile thereof, and not nearer to nor within the boundaries of another designated Gallup pool, shall be drilled, spaced, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

Devils Fork RULE 2. (a) Each gas well completed or recompleted in the Angels Peak-Gallup Oil Pool shall be located on a tract consisting of approximately 320 acres which may reasonably be presumed to be productive of gas from said pool, and which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these Rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard gas unit. Nothing contained herein shall be construed as prohibiting the drilling of a gas well on each quarter section in the 320-acre unit. ASSOCIATED

4(b) RULE 2. (b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States

-4-

CASE No. 1641
Order No. R-1410-C

Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit consists of contiguous quarter-quarter sections or lots.
- (2) The non-standard unit consists of not more than 324 acres and lies wholly within a single governmental section.
- (3) The entire non-standard unit may reasonably be presumed to be productive of gas from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators, and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.
- (5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

7(c)
uH)
~~RULE 2.~~ (c) The District Supervisor shall have authority to approve non-standard gas proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of less than 316 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

~~RULE 2.~~ (d) The allowable assigned to any such non-standard gas proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 320 acres.

Devils For K
f(a)
~~RULE 3.~~ (a) ^{Associated} Each oil well completed or recompleted in the ~~Associated~~ Gallup, ~~Pool~~ Pool shall be located on a unit containing approximately 80 acres, which may reasonably be presumed to be productive of oil from said pool, and which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section. For purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit. Nothing contained herein shall be construed as prohibiting the drilling of an oil well on each of the quarter-quarter sections in the 80-acre unit.

~~RULE 3.~~ (b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 3(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due

-5-
CASE No. 1641
Order No. R-1410-C

to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit is to consist of a single quarter-quarter section or lot.

(2) The non-standard unit consists of not more than 81 acres.

(3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no operator has entered an objection to the formation of such non-standard unit.

~~RULE 3.~~ (c) The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two contiguous quarter-quarter sections or lots comprising less than 79 acres lying within a single governmental quarter section and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

~~RULE 3.~~ (d) The allowable assigned to any such non-standard oil proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 80 acres.

Devils Fork

Associated
→ ~~RULE 4.~~ (a) Each well, oil or gas, completed or recompleted in the ~~Angels Peak-Gallup~~ Pool shall be located no nearer than 790 feet to any quarter section line and each such well shall be located no nearer than 330 feet to a governmental quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the ~~Angels Peak-Gallup~~ Pool prior to the effective date of this Order at a location conforming to the well location requirements in effect at the time the well was drilled shall be considered to be located in conformance with this Rule.

3
→ ~~RULE 4.~~ (b) The Secretary-Director shall have authority to grant an exception to Rule 4 (a) without notice and hearing when the application has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception. However, such an unorthodox location, if approved, may necessitate an allowable adjustment.

-6-
CASE No. 1641
Order No. R-1410-C

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located, a copy of the application to the Commission, and the applicant shall include with his application a list of the names and addresses of all such operators together with a stipulation that proper notice has been given said operators at the addresses listed. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and only in the absence of objection from an offset operator may such application be approved.

Associated
RULE 5. *A well in*

RULE 5. A gas well in the Devils Fork-Gallup Pool shall be a well producing with a gas-liquid ratio of 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, or any well which produces liquid hydrocarbons with a gravity of 60 degrees API or greater. An oil well in the Devils Fork-Gallup Pool shall be a well producing with a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons and which produces liquid hydrocarbons with a gravity of 60 degrees API or greater. *to each well and a less than 60 degrees API.*

R. W. Dyer & Co. - July 1973

Associated
RULE 6. The gas-liquid ratio limitation for the *Devils Fork*

Gallup Pool shall be 2,000 cubic feet of gas per barrel of liquid hydrocarbons produced.

Devils Fork
RULE 7. (a) Any oil well in the *Associated*

Angels Peak Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2,000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Devils Fork
(b) Any gas well in the *Associated*

Angels Peak Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by 2,000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

(c) The full production of gas from each well, including drilling gas, shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

See under

the gas-liquid ratio

in the
o test
om the
e
ction
and is
ordance
hut-in
t
as-liquid
e 9. If
el of

*Produce liquid hydrocarbons
with a gravity of 60
degrees API or
greater.*

9a

9a

Devils Fork

or if the well produces liquid hydrocarbons with a gravity of 60 degrees API or greater,

-7-

CASE No. 1641
Order No. R-1410-C

liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce. Any operator that desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying it. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests.

Devils Fork

^{associated}
RULE 9. Gas-liquid ratio tests shall be taken on all wells in the ~~Angels Peak-Gallup~~ ^{Angels Peak-Gallup} oil pool, and on all wells producing from the Gallup formation within one mile of the boundaries of the ~~Angels Peak-Gallup~~ oil pool which are not within another designated Gallup oil pool, during the months of ~~January, April, July, and November~~ ^{January, April, July, and November} of each year. The initial gas-liquid ratio test shall suffice as the first ~~quarterly~~ ^{quarterly} test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Aztec office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

^{Devils Fork} ^{associated}
RULE 11. Any well completed in the ~~Angels Peak-Gallup~~ ^{Angels Peak-Gallup} Pool after the effective date of this Order shall receive an allowable only upon receipt by the Commission's Aztec Office of Commission Forms C-104, ~~C-105~~, and C-116, all properly executed. The District Supervisor of the Commission's Aztec Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the ~~Angels Peak-Gallup~~ ^{Angels Peak-Gallup} Pool by 2,000.

Devils Fork

-8-
CASE No. 1641
Order No. R-1410-C

April 1 of each year

*Twelve months following
this date*

~~RULE 12. The initial gas proration period shall be from 7 o'clock a.m. on October 1, 1960, to 7 o'clock a.m. on February 1, 1961. Subsequently, the dates 7 o'clock a.m. February the first and 7 o'clock a.m. August the first shall be known as the balancing dates, and the periods of time bounded by these dates shall be known as the gas proration periods for the Angels Peak-Gallup Pool.~~

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut-in upon a showing after notice and hearing that complete shut-in of the well would result in material damage to the well and/or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The

-9-

CASE No. 1641
Order No. R-1410-C

operator shall show on such report what disposition has been made of the produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on ~~either~~ Form C-111 ~~or Form C-112~~ ~~(whichever is applicable)~~ with the wells being listed in approximately the same order as they are listed on the oil proration schedule.

RULE 20. Failure to comply with any provision of this Order or the Rules contained herein shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all Rules and Regulations have been complied with. The District Supervisor shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-~~113~~) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage have been filed.

RULE 23. The vertical limits of the ^{Devils Fork} ~~Angelo Peak~~ Gallup ^{Associated} Pool shall be the Gallup formation. 1)

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

SEAL

(2) That Commission Orders Nos. R1670-B, R1670-B-1, R1670-B-2, and R1670-B-3 are hereby ^{rescinded} ~~superseded~~.
esr/

(3) Jurisdiction etc