

Before the  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

NOV 14 1953

TRANSCRIPT OF PROCEEDINGS

Case No. 584

October 28, 1953 - Special Hearing

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

-REGISTER-

SPECIAL HEARING	N. M. OIL CONSERVATION COMMISSION (Cases 584, 585, 586, 601)	October 28, 1953
-NAME-	-REPRESENTING-	-LOCATION-
W. S. Richardson	Malco Refining Inc.	Roswell
R. L. Boss	Gulf Oil Corporation	Ft. Worth
L. H. Foster	Anderson-Prichard Oil Corp.	Hobbs, N.M.
M. L. Melton	" " " "	" "
G. E. Stahl	Permian Basin P.L. Co.	Omaha, Nebr.
H. T. White	Phillips Pet Co.	Barttesville, Okla.
G. Hirschfeld	N.M. O. & G.E.C.	Hobbs, N.M.
N.P. Chesnutt	Southern Union Gas Co.	Dallas, Tex.
Clayton L. Orn	The Ohio Oil Co.	Houston, Texas
W. G. Abbott	Amerada	Monument, N.M.
D. K. Spellman, Jr.	The Ohio Oil Co.	Midland, Texas
C. M. Bumpass	Gulf Oil Corp.	Hobbs, N. M.
J. H. Vickery	The Atlantic Refg. Co.	Midland, Texas
Carl M. Hill	Lone Star Producing Co.	Dallas, Texas
Quilman L. Davis	Southern Union Gas Co.	Dallas, Texas
J. W. Adams	Morris R. Antweil	Hobbs, N. M.
Curtis Park	Lone Star Producing Co.	Dallas, Texas
L. A. Hanson	O.C.C.	Artesia
A. R. Ballou	Sun Oil Co.	Dallas
C. A. Hull	Shell Oil Co.	Midland
G. L. Tribble	Permian Basin Pipeline	Omaha
Rex D. Fowler	Permian Basin Pipeline	Omaha
H. E. Massey	Cities Service Oil	Hobbs, N. Mex.

October 28, 1953

-NAME-	-REPRESENTING-	-LOCATION-
E. H. Foster	Phillip "66"	Amando, Texas
U. D. Girand, Jr.	Me Tex	Hobbs, N. M.
James M. Murray	Me Tex	Hobbs, N. M.
J. W. Cole	Gulf Oil	Ft. Worth, Texas
J. R. Lutrell	Shell Oil	Midland, Texas
A. L. Hill	El Paso Nat. Gas	Houston, Texas
Aaron L. Celum	Delhi Oil Corp.	Dallas, Texas
Max EaCurry	Skelly Oil Co.	Hobbs, N. M.
Torrence E. Humble	Humble O. & Rfg. Co.	Roswell, N. M.
R. S. Dewey	Humble O. & Rfg. Co.	Midland, Texas
Joe L. Hudgins	Humble O. & Rfg. Co.	Midland, Texas
R. T. Wright	El Paso Natural Gas Co.	Jal, N.M.
F. N. Woodruff	"	Houston, Texas
G. A. Plummer	Lone Star Prod. Co.	Midland, Texas
A. M. Wiederkehr	Southern Union Gas Co.	Dallas, Texas
C. Beeson Neal	San Juan Drilling Co.	Farmington, N.M.
J. W. Baulch	El Paso Natural Gas	Jal, N. M.
Homer Dailey	Continental Oil Co.	Ft. Worth, Texas
V. T. Lyon	" " "	" " "
C. R. Bickel	Shell Oil	Hobbs, N. M.
C. C. Milson	Continental Oil	Hobbs, N. M.
Jason Kellahin	Samedan	Santa Fe, N. M.
Harvey E. Otell, Jr.	Lone Star Producing Co.	Midland, Texas
Ralph L. May	Buffalo Oil Co.	Artesia, N. M.

October 28, 1953

-NAME-	-REPRESENTING-	-LOCATION-
W. E. Scott	Buffalo Oil Co.	Midland, Texas
T. L. Ingram	Stanolind Oil & Gas Co.	Roswell, N. M.
W. A. Blankenship, Jr.	Stanolind Oil & Gas Co.	Roswell, N. M.
A. L. Panter, Jr.	O.C.C.	Hobbs, N. M.
E. C. Arnold	O.C.C.	Aztec, N.M.
R. R. Astor	Franklin, Astor & Fair	Roswell, N. M.
Earl Ainsworth	Permian Basin P.L. CO.	Omaha, Nebr.
Een Knight	Stanolind Oil & Gas	Roswell, N. M.
R. G. Hiltz	" " "	Ft. Worth, Texas
Jack M. Campbell		Roswell, N.M.

BEFORE THE  
OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

October 28, 1953

In the matter of:

The Eumont Gas Pool, in Lea County,  
New Mexico, said operators and interested  
persons being called upon to show cause  
at special hearing beginning at 9 o'clock  
a.m. on October 28, 1953, why Order No.  
R-370, Eumont Gas Pool, as amended at such  
hearing, should not be effective and in full  
force and effect as of November 1, 1953.

Case No. 584

BEFORE:

E. S. (Johnny) Walker, Commission of Public Lands  
R. R. Spurrier, Secretary, Oil Conservation Commission

TRANSCRIPT OF PROCEEDINGS

MR. SPURRIER: The meeting will come to order, please. The first case on the docket this morning is Case 584.

(Notice of publication read by Mr. Graham.)

MR. SPURRIER: Any one have testimony to offer in this case?

MR. DAVIS: If the Commission please, Quilman Davis representing the Southern Union Gas Company. In the Langmat Pool yesterday, Southern Union offered testimony and exhibits concerning the proration of gas in that pool. With the Commission's permission, we would like to incorporate all of that testimony and exhibits in this hearing substituting, of course, the Eumont pool for Langmat through out and deleting anything that isn't applicable, of course, to this Eumont Pool. In that connection I might point out that there would be probably the question concerning the number of wells connected to Southern Union's system, the number of wells that we have drilled in the pool. Those, we would, of course, want to record.

MR. SPURRIER: Is there objection to counsel's motion?

MR. STAHL: Mr. Commissioner.

MR. SPURRIER: Mr. Stahl.

MR. STAHL: G. E. Stahl, Permian Basin Pipe Line Company. Might we have an opportunity to ask Mr. Wiederkehr one or two questions, which are particularly pertinent to the Eumont as distinguished from Langmat.

MR. SPURRIER: Certainly.

(Witnesses sworn.)

A. M. W I E D E R K E H R

having been first duly sworn, testified as follows:

Questions by MR. STAHL:

Q Mr. Wiederkehr, as I recall your testimony yesterday, with respect to the Langmat pool, you stated that Southern Union had certain gas purchase contracts with various producers. Is that also true with respect to the Eumont pool?

A It is true.

Q Do you happen to have a list or could you supply for the record the names of those producers, that you are purchasing gas from by virtue of these gas purchase contracts?

A The Eumont Gas Pool, Atlantic Refining Company, Continental Oil Company, Clark and Christy, Burt Fields, Me Tex, Nolan and Lane, Pacific Western Oil Corporation, Skelly Oil Company, Southern Union Gas Company, Aztec Oil and Gas Company, and we have made one connection since this list was prepared to Morris Antweil.

Q How many wells are you presently connected to in the Eumont Pool?

A Twenty one, I believe.

Q Twenty one. Are the contracts that you have in force and effect with the companies that you just listed, generally the same type of contract as discussed yesterday with respect to the Langmat Pool?

A Insofar as I know, they are.

Q Do they provide that with respect to internal proration of gas, by that I mean the formula that Southern Union uses to prorate among its various connections that acreage potential and shut-in pressure shall be included in such an internal proration formula?

A Those among others.

Q Are there other factors?

A Well, the contract specifies that due consideration should be given to quality and quantities of gas.

Q Do you also apply the same type of formula which I believe is 50 percent acreage and 25 percent potential and 25 percent shut-in pressure?

A We do.

Q Do those contracts also provide that the producers have a right to question any such formula as you may put into effect?

A As I stated yesterday, I don't know that they specifically give the company that right but they are made a part of a contract and I would assume that since the contracts are written and signed by both companies, specifying that these factors would be used that they would have the right at any time to ask how we were handling that particular part of the contract.

Q Those contracts were negotiated through Southern Union and these various producers?

A That is correct.

Q To your knowledge, had any of these producers ever objected to the method which you have utilized, by that I mean, Southern Union in your internal proration formula?

A I have heard no complaints.

MR. STAHL: That is all the questions I have.

MR. SPURRIER: Any one else have a question of this witness?

MR. ADAMS: John W. Adams representing Morris Antweil.

Questions by MR. ADAMS:

Q Mr. Wiederkehr, you stated you were connected to one Morris Antweil well. I would like to amend that to say it is two wells and



in an undesignated gas area. It is not in the Eumont Pool as yet?

A No, but it is in the area that I am assuming will be included in that area.

MR. SPURRIER: Any one else?

MR. FOSTER: How many wells in that pool?

A I don't know.

MR. SPURRIER: The witness may be excused. Any one else have testimony to present in this case?

(Witness excused.)

MR. A. L. HILL: Mr. Commissioner, El Paso would like to present brief testimony through Mr. Woodruff as the witness.

F. NORMAN WOODRUFF

having been first duly sworn, testified as follows:

Questions by MR. HILL:

Q Will you state your name for the record?

A My name is F. Norman Woodruff.

Q You are the same Mr. Woodruff who has testified in these proceedings going on in the last two or three cases, have you not?

A I am.

Q Do you have the number of wells that were productive in the Eumont field as of July of this year?

A I do.

Q Will you state that, please?

A There were 70 wells reported on the New Mexico Oil and Gas Engineering Committee report as of July, 1953.

Q Do you have the number of wells that were connected at that

time to the El Paso system?

A I do not find that I have that figure available to me or available with me.

Q Do you have any idea of the approximate number?

A There were approximately seven wells connected at the beginning of the year. However, we have been connecting additional wells rapidly through out this year to date and there is considerable development going on in this field which should cause our connections to continue to increase. Of the 70 wells I would estimate that we are probably connected to about one third.

Q You have made a study of this field with the idea in mind of coming up with your idea of the most workable and practical proration formula that in your opinion should be applied, have you not?

A I have.

Q What is that formula?

A That formula is 50 percent acreage, plus 50 percent deliverability.

Q And your reasons for recommending that briefly are what?

A In this pool similarly as was true in the Langmat and Jalco Pools, we have an older field with pressure differential again. I believe that to best protect the correlative rights of the operators presently producing from this field and to assure an orderly development in the future that the formula recommended will be a very economical formula or a very equitable formula. I believe I referred to economical instead of equitable in one or two places there and I meant equitable.

Q Mr. Woodruff, the test procedure which we submitted as an exhibit in the Jalco case outlining out ideas of deliverability test procedure as written and submitted is referred to the Jalco Pool only?

A That is correct.

Q Isn't it the intention of El Paso to recommend that that same test procedure be adopted for each of these pools?

A That is correct.

Q With only a modification of the recommended test period?

A That is correct.

Q Would you at this time state for the record what your recommendation is as to the test period for each of the pools involved in this series of hearings, please?

A I am recommending to the commission that a test period of October 1st, through December 31st of each year be designated as the annual test period for the Tubb, Jalco and Amanda Fields. I recommend that the period of December 1st through the end of the month of February be designated as the test period for the Langmat and Justis Pools. I have recommended a test period be established from the 1st of September through the end of April for the Blinbry, Eumont, Arrow and Byers-Queen Pools.

Q Did you mean September 1st through April?

A February.

Q Repeat that last, again.

A I recommend that a period of February through April be established for the Blinbry, Eumont, Arrow and Byers-Queen Pools.

Q Do you have any other comments to make at this time?

A I might mention that El Paso does not take gas from each of the fields mentioned here. However, I have attempted to cover all of the fields under question at these hearings, grouping them as I consider reasonable area wise and trying to distribute the number of tests so that there would be no great number to be taken in excess of that which would be required during any other test period.

Q As I understand it and particularly to the Langmat Pool and perhaps others, there are some very relatively small producers that are unable to produce any substantial quantity of gas against the high line pressures that prevail in the winter periods. Would it not be El Paso's desire that perhaps by obtaining exceptions from the Commission covering those wells to be enabled to test those wells during the summer time?

A I believe that would be advisable and would so recommend that the Commission consider giving such an exception with the provision that the deliverability test determined during the summer be corrected to a deliverability during the designated test period by adjustment with a shut-in pressure factor.

Q Do you have anything further to say on this?

A I believe not.

MR. HILL: That is all, Mr. Commissioner.

MR. SPURRIER: Any question of the witness?

Questions by MR. UTZ:

Q Why do you recommend the winter months rather than the summer months for taking the tests?

A I believe by testing in the winter months when the demand for

gas is normally greater that we will be able to test the wells more easily because of the higher allowable without resultant over production. We want to maintain flexibility of our pipe line system and not produce the total allowable if at all possible during a designated test period. I think we would more nearly accomplish that during the winter months.

Q You don't anticipate too much freeze up trouble then?

A I do not.

MR. UTZ: That is all.

MR. SPURRIER: Any one else? The witness may be excused.

Any one else wish to present testimony in this case?

(Witness excused.)

MR. DAVIS: Mr. Commissioner?

MR. SPURRIER: Mr. Quilman Davis.

MR. DAVIS: I would like to call Mr. Wiederkehr back for a couple of questions.

A. M. W I E D E I K E H R

recalled as a witness, having been previously duly sworn, testified further as follows:

Questions by MR. DAVIS:

Q Mr. Wiederkehr, yesterday during the hearing on the Langmat Pool we reserved the right to review the proposed method of determining deliverability test or making deliverability test as submitted by El Paso Natural Gas Company. Have you reviewed the revised program?

A I have.

Q Do you concur in the procedure outlined by El Paso?

A Yes, I do.

Q You have just heard Mr. Woodruff testify concerning the periods of making these tests and the other information relating to the deliverability test?

A I have.

Q Do you concur in his statements to that?

A Yes, I believe he is correct, particularly in stating that the tests should be taken through the winter months since Southern Union has a flexible and varying load. We will better be able to run the test during the winter time when our load is up thereby resulting in better tests.

MR. DAVIS: That is all.

MR. SPURRIER: Any one have a question of this witness. You may be excused.

(Witness excused.)

MR. SPURRIER: Does any one else have testimony to present?

MR. STAHL: With Permian Basin Pipeline Company. I don't have any testimony to present. However I do have an exhibit I would like to introduce into evidence in this case and in all of the other ones we have an interest in with the exception of the Amanda Pool. In general, this is being introduced with what we hope will be of some aid to the commission, if the commission decides to incorporate a deliverability factor. All it is, is some written definitions of deliverability, acreage factors and in general it is the method that Mr. Fowler developed in his testimony. We thought it might be beneficial to incorporate it into the record so that you and other interest parties might have it available to them. So, I will request that this Exhibit which is entitled "Exhibit Number 1, Permian Basin Pipeline

Company, Witness: Rex D. Fowler" be incorporated in the record.

MR. SPURRIER: Is there any objections? Without objections it will be admitted.

Exhibit No. 1  
Witness: Rex D. Fowler

PERMIAN BASIN PIPELINE COMPANY  
BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

Case No. 582	Case No. 583	Case No. 584	Case No. 585
Order No. R-368	Order No. R-369	Order No. R-370	Order No. R-371
Case No. 586	Case No. 587	Case No. 589	Case No. 590
Order No. R-372	Order No. R-373	Order No. R-375	Order No. R-376

DEFINITIONS FOR INCLUSION WITHIN  
NEW MEXICO OIL CONSERVATION COMMISSION RULES AND REGULATIONS

"Deliverability" Shall be deemed to be the ability of a gas well to produce gas against 80% of said gas wells shut-in pressure under stabilized flow conditions expressed in MCF per day. (Deliverability and shut-in pressure tests shall be taken in accordance with rules and regulations established by the Commission).

"Acreage Factor" Shall be deemed to mean the number of acres permitted by the Commission to be attributed to a gas well for proration purpose divided by the number of acres established by the Commission as a standard proration unit. A standard proration unit for the purpose of illustration is assumed to contain 160-acres. Expressed as a mathematical formula, said acreage factor may be set forth as follows:

$$\text{Acreage Factor} = \frac{\text{No. of Acres Attributable}}{160}$$

METHOD FOR DETERMINING MONTHLY CURRENT ALLOWABLE  
FOR EACH GAS WELL WITHIN ANY GAS POOL.

1. Determine, in accordance with rules and regulations of the Commission, the total pool allowable to be allocated during the month under consideration to the participating wells within that pool.
2. Multiply the Acreage Factor for each well by its deliverability.
3. Summate the products determined in Item 2.
4. Determine the pool proration factor for the month by dividing the

total pool current monthly allowable (Item 1.) by the summation of Acreage Factor times Deliverability products (Item 3.)

5. Determine each wells current monthly allowable by multiplying the pool proration factor (Item 4.) by the product of Deliverability times Acreage Factor. (Item 2.)

MR. SPURRIER: Does any one have anything else?

MR. GIRAND: W. D. Girand, Jr., attorney for Me-Tex Supply Co.

MR. SPURRIER: Mr. Girand.

MR. GIRAND: In response to the show cause order issued by the Commission in the Eumont case, the Me-Tex Supply Company has prepared a written answer in the nature of an attack on the jurisdiction of the Commission to enter proration orders. If the Commission desires I will read it into the record or just file it with the Commission.

MR. SPURRIER: Why don't you do both?

MR. GIRAND: This is our response to the show cause order. "Comes Now Me-Tex Supply Company, a New Mexico corporation of Hobbs, Lea County, New Mexico, and files this its response to the Order to Show Cause entered by the Oil Conservation Commission of the State of New Mexico in Case No. 584, being Order No. R-370, and for cause would respectfully show and represent to the Commission:

1. That Me-Tex Supply Company is the owner of an oil and gas lease covering Lots 5, 6, 11, 12, 13 and 14, in Section 3 Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico located within the pool delineation designated as the Eumont Gas Pool and has on said land two gas wells designated as the Me-Tex-Wallace State No. 2 located on Lot 12 and Me-Tex-Wallace State No. 3 located on Lot 14, and



by reason of its ownership within the area designated as Eumont Gas Pool it is an interested party and subject to Order No. R-370 of this Commission.

2. That the Commission is without power to put into effect the rules and regulations contained in Order R-356 in the Eumont Gas Pool for the following reasons:

(A) That under the laws of the State of New Mexico before the Commission is authorized to make rules and regulations providing for the proration of gas in a gas pool, the Commission must fix the allowable for such pool and no allowable has been fixed for the Eumont Gas Pool by the Commission.

(B) That prior to the fixing of an allowable in a gas pool and the entry of orders providing for the proration of gas and the spacing of wells, the Commission is required to obtain from the gas purchasers in said pool their nomination for gas from said pool which has not been done and the Commission is, therefore, without jurisdiction to make the proposed rules and regulations effective in the Eumont Gas Pool.

3. That under the laws of the State of New Mexico the Commission is without power and jurisdiction to put into effect the proposed rules and regulations insofar as said rules and regulations permit the production of more than one allowable from a producing gas well in the pool. That the laws of the State of New Mexico authorize the Oil Conservation Commission to establish proration units in a prorate gas field and to allocate the production of gas to such unit, but do not permit the consolidation of units so that more than one allowable

can be produced from one well.

4. That prior to the enactment of Chapter 168 of the Laws of 1949 Me-Tex Supply Company had drilled and was producing gas from two wells located in the area now designated as Eumont Gas Pool. That Me-Tex Supply Company is the owner of one 240 acre lease in said pool, as hereinabove described, upon which said wells are located. That at the time said wells were drilled they were drilled in accordance with the then rules and regulations of this Commission relative to the drilling and completing of gas wells. That said wells are legal wells as such term is defined in the statutes of New Mexico. That the rules and regulations proposed to be entered by the Commission insofar as they prohibit or deny to Me-Tex Supply Company the right to produce a full allowable from each of such gas wells drilled before the enactment of said gas proration law and before the adoption of the rules and regulations of the Commission, are unjust, unlawful and discriminatory and violate the constitutional rights of the said Me-Tex Supply Company in that they deprive Me-Tex Supply Company of valuable property rights without due process of law and without compensating Me-Tex Supply Company therefor.

WHEREFORE, Me-Tex Supply Company prays:

1. That the proceedings be dismissed or continued until such time as the allowable production of gas in the Eumont Gas Pool has been established by the Commission after notice of hearing in accordance with the provisions of the laws of New Mexico relating thereto

2. That the rules and regulations proposed to be adopted by the Commission be amended and changed so as to provide that no more

than one allowable may be permitted to be produced from one gas well in the pool, such gas well to be located upon a determined and established proration unit.

3. That the proposed rules and regulations be amended so as to permit the production of a full allowable of gas from any well legally drilled and producing in the pool prior to the enactment of Chapter 168 of the Laws of 1949 and prior to the adoption of spacing and proration regulations in said pool even though such well may be producing from a unit of less than 160 acres."

MR. SPURRIER: Is there objection to counsel's motion? We will hold the ruling until later. In the meantime, we will go ahead and take the testimony. Does any one have anything else, have testimony in case 548?

MR. ADAMS: John W. Adams, I represent Morris Antweil, Hobbs, New Mexico. I wish to make a short statement of our position.

MR. SPURRIER: Make it loud and clear.

MR. ADAMS: We are the operator of gas properties in an undesignated gas area in Lea County. Geographically the nearest designated gas pool to our acreage is the Eumont. For this reason, we offer this statement in the Eumont hearing, if the Commission please. Regardless of eventual classification of our gas well as a new pool or extension to an existing one, we wish to be placed on record with these views regarding proration of gas wells in the area in which we produce. We feel that the Commission will arrive at a fair and equitable conclusion in the matter of derivation of a formula for allocation of individual gas well allowables and therefore make no recommendation.

However, since acreage assigned by the operator to a well will undoubtedly be a large factor in the finally adopted allocations formula, we, respectively submit to the Commission that it should not allow the acreage factor assigned to an individual well to exceed 160 acres. If the previously discussed plan to assign up to 640 acres to an individual well for proration purposes should be adopted, we feel that effectively a 640 acre spacing rule would be in use. The position of a well on 160 acre tract would merely bear one-fourth the weight in an allocation formula.

We understand that there are existing rules and regulations allowing an restricted designation of a near 640 acre to an individual well. It is our hope that the Commission consider favorably our recommendation that it take steps to delete, alter, or amend sub-governing language in order that any adopted allocation formula having acreage as a factor shall limit that factor to consideration of a maximum of 160 acres per individual well.

MR. SPURRIER: Any one else? If not, we will take the case under advisement.

MR. JACK CAMPBELL: Are you going to run down the list again for statements as in previous cases?

MR. SPURRIER: Well, if you want it?

MR. CAMPBELL: If you would. The statement made on Gulf Oil Corporation only.

MR. GIRAND: I have already made a response.

MR. STAHL: Yes.

MR. BICKEL: Statement made in behalf of Shell Oil Company.

MR. HILL: We would like it incorporated in this case.

MR. HILTZ: Yes.

MR. HINKLE: Yes.

MR. ADAIR: No.

MR. CAMPBELL: No.

MR. VICKERY: Yes, sir. I would like to have the statement made on the Eumont field.

MR. BALLOY for Sun.

MR. FOSTER: I would like to get Phillips Petroleum Company on that list.

MR. CURRY: I would also like to incorporate the Skelly Oil Company.

MR. KELLAHIN: Samedan Oil Company would like our statement to apply to this pool insofar as applicable in view of the fact that Samedan does not have an interest in the pool however.

MR. ORN: The Ohio Oil Company would like our statement on the Langmat to apply.

MR. LYON: V. T. Lyon with Continental Oil Company. Continental Oil Company would like to reiterate its position as being opposed to the formula proposed by Southern Union in this hearing.

MR. SPURRIER: Is there objection to any of these motions? If not, they will so appear in the record. If no one has anything further we will take this case under advisement, and move on to case 585, which relates to the Arrow Gas Pool.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter do hereby certify that the foregoing and attached transcript of proceedings was taken by me on October 28, 1953, that the same is a true and correct record to the best of my knowledge, skill and ability.

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Reporter

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO  
SANTA FE, NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING

CASE NO. 584  
ORDER NO. R-370-A

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR ALL OPERATORS  
AND INTERESTED PARTIES IN THE  
EUMONT GAS POOL TO SHOW CAUSE  
WHY THE RULES AND REGULATIONS  
AS SET OUT IN ORDER R-356, WITH  
ANY ESSENTIAL AMENDMENTS,  
SHOULD NOT BE PUT INTO EFFECT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m., on October 28, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 10<sup>th</sup> day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced, the exhibits received, the statements of interested parties, the official records of this Commission and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-370 was duly entered by the Commission. Order R-370 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Eumont Gas Pool, heretofore established. R-370 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Eumont Gas Pool, heretofore established, described and classified as a gas pool.

That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Eumont Pool, and should conform, generally with the provisional special rules of Order R-370.

(5) That in order for the Commission to evaluate and delineate the actual productive limits of the Eumont Gas Pool all operators of oil and gas wells within the defined limits of the Jalco Gas Pool should supply certain Geological and Reservoir data to the Commission.

(6) That pending further study and orders, the allocation of gas in the Eumont gas pool should be calculated on the basis of 100 per cent acreage, based upon the standard 160 acre proration unit, which unit is limited to a regular quarter section subdivision of the U. S. Public Land Surveys and consisting of not less than 158 nor more than 162 acres, substantially in the form of a square, with provision for deviation therefrom particularly in cases of wells heretofore completed where the impracticability of unitization is apparent.

(7) That an adequate gas well testing procedure should be adopted as soon as possible so that operators, purchasers and the Commission can determine the fairness and feasibility of an allocation factor for the pool which employs the factors of deliverability, pressure, or any other factor relating to gas well productivity.

IT IS THEREFORE ORDERED:

That Special Pool Rules applicable to the Eumont Gas Pool, be and the same hereby are promulgated and are as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE EUMONT GAS POOL  
LEA COUNTY, NEW MEXICO

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. Any well drilled a distance of one mile or more from the outer boundary of the Eumont Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of the Eumont Gas Pool shall be spaced, drilled, operated and prorated in accordance with the Regulations in effect in the Eumont Gas Pool.

RULE 2. Each well drilled or recompleted within the Eumont Gas Pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys.

RULE 3. Each well drilled within the Eumont Gas Pool shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to a quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.



Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 5. The provision of Statewide Rule 104 Paragraph (k), shall not apply to the Eumont Gas Pool located in Lea County, New Mexico.

#### GAS PRORATION

RULE 6. The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont Gas Pool and other relevant data and shall fix the allowable production of the Eumont Gas Pool, and shall allocate production among the gas wells in the Eumont Gas Pool upon a reasonable basis with due regard to correlative rights.

#### PRORATION UNITS

RULE 7. (a) For the purpose of gas allocation in the Eumont Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or as outlined in Paragraph (b). Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

2. The acreage assigned to the non-standard unit lies wholly within a legal quarter section and contains a well capable of producing gas into a gas transportation facility on the date of this order.

3. The operator receives written consent in the form of waivers from all operators in the adjoining 160 acre proration units.

#### GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given.

The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Eumont Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 9. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from the Eumont Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

#### BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A. M., January 1 and 7:00 A. M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward, to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

#### GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

#### REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth 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 gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

#### DEFINITIONS

RULE 15. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

PROVIDED FURTHER that those wells located within the defined limits of the Eumont Gas Pool which produce oil and receive an oil allowable on the oil proration schedule shall be prorated as oil wells pending further study and that "preliminary" and "supplemental" nominations, as outlined in Rules 8 and 9 above, shall pertain only to gas wells which are not assigned an oil allowable.

PROVIDED FURTHER that all operators of a gas well shall submit to the Hobbs office of this Commission (Box 2045) on or before January 1, 1954 a copy of either an electric log or sample log of each well (if available) that operate within the defined limits of the Eumont Gas Pool. Attached to each log shall be a detailed report showing well elevation, total depth, plug back depth, depth of production string, interval of perforations and open hole and estimation

of formation tops of Yates, Seven Rivers and Queen as indicated by the log. Any operator of any well hereafter completed or recompleted within the defined limits of the Eumont Gas Pool shall also submit to the Hobbs office of the Commission, the logs and information detailed above, within 30 days following such completion or recompletion.

In the event that the Commission deems it advisable to obtain additional information from wells producing outside the defined limits of the Eumont Gas Pool the Secretary of the Commission is hereby authorized to issue a directive to operators in order to obtain the desired information.

PROVIDED FURTHER that as soon as possible a testing procedure for all gas wells shall be adopted by the Commission. Said procedure shall contain adequate tests in order to determine the feasibility of employing any well potential, deliverability or pressure factors in allocating gas.

PROVIDED FURTHER that those operators who desire approval of the Commission of gas-oil dual completions under the provisions of Statewide Rule 112-A should also comply with the provisions of Rules 2, 3 and 4 of this order before approval will be granted.

PROVIDED FURTHER that in order to inaugurate gas prorationing and allocation in the Eumont Gas Pool on January 1, 1954 the Commission shall consider the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each purchaser of gas from the Eumont Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased commencing January 1, 1954. In this instance the list of wells shall pertain solely to those wells which are gas wells and are not on the oil proration schedule.

PROVIDED FURTHER that in the event an operator has a producing well on acreage which does not conform to the provisions of Rule 2 or Rule 7 and an exception to Rule 7 is to be requested of this Commission, the necessary information requested under Rule 12 should be complied with pending Commission action. In this instance the Proration Manager is directed to assign to the well only that acreage attributable to the well lying within the quarter section upon which the well is located. In the event the unorthodox unit is approved after notice and hearing and an increase in total acreage is permitted then the total allowable assigned the well shall be adjusted and made retroactive to the 1st day of the proration period or the 1st day the well produced into a gas transportation facility if the well was not productive prior to January 1, 1954.

PROVIDED FURTHER that copies of Form C-115, Monthly Production Report, submitted in compliance with Rule 14 shall be distributed by the operator as follows: Original to Oil Conservation Commission, Box 871, Santa Fe; two copies to Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-370, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Mechem*  
EDWIN L. MECHEM, Chairman

*E. S. Walker*  
E. S. WALKER, Member

*R. R. Spurr*  
R. R. SPURR, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 584  
Order No. R-370

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON  
ITS OWN MOTION FOR AN ORDER  
ESTABLISHING POOL RULES FOR  
THE EUMONT GAS POOL, LEA COUNTY,  
NEW MEXICO, SAID RULES BEING CON-  
CERNED WITH WELL SPACING, GAS  
PRORATION AND ALLOCATION, PRORATION  
UNITS, POOL DELINEATION AND OTHER  
RELATED MATTERS INsofar AS THEY  
PERTAIN TO THE GENERAL RULES FOR  
GAS PRORATION AS SET FORTH IN ORDER  
NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28<sup>th</sup> day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given, the Commission has jurisdiction of this cause.
- (2) That production records of gas wells producing within the Eumont Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.
- (3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Eumont Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Eumont Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Eumont Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m. on October 28, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman

  
E. S. WALKER, Member  
R. R. SPURRER, Member & Secretary

S E A L

CASE 584

STATEMENT OF SHELL OIL COMPANY  
IN REGARD TO PROPOSED GAS RULES  
FOR EUMONT FIELD  
SEPTEMBER 17, 1953

Shell Oil Company is in general accord with the gas rules as proposed, except for one feature thereof.

We wish to direct attention to Rule 5, Proration Units, in connection with Rule 8 under Gas Allocation.

Rule 5 establishes a standard gas proration unit of 158 to 162 contiguous surface acres.

Rule 8 provides, however, that more than one standard proration unit may be assigned to a gas well provided not more than 640 acres are so assigned, and provided the other requirements of the Section are met.

As written, the rule would apparently leave to the discretion of the operator whether such additional acreage should be assigned to a well. Also, as written, there is no requirement that the well to which additional acreage is assigned should be shown to be capable of draining such additional acreage.

We feel that this rule could result in grave inequities. An operator with a single 160-acre tract could be offset or surrounded by one or more single ownership units of 640 acres. Such operator would have a single unit allowable. The offset operators, on the other hand, could each assign four standard units to their wells, and could each obtain a proportionably increased allowable, and could do this even without a showing that their wells would drain the acreage assigned to such wells.

It is our thought that it would be better to stay with a standard size unit for allowable purposes, unless, after a hearing, the Commission permits the assigning of additional acreage and allowable because of the circumstances existing in the particular case. We realize that there may be conditions under which additional acreage should be assigned to a well or wells, but feel that it should be permitted only after hearing, and not solely at the discretion of an operator. As to the size of the standard unit in this field, in view of the fact that the field has been developed to date on 160 spacing, we feel that 160 acres should constitute the standard unit therein.

*Exhibit*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF CONSIDERING

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION FOR ALL  
OPERATORS AND INTERESTED PARTIES IN  
THE ~~JALISCO~~ GAS POOL TO SHOW CAUSE WHY  
THE RULES AND REGULATIONS AS SET OUT  
IN ORDER R-356, WITH ANY ESSENTIAL  
AMENDMENTS, SHOULD NOT BE PUT INTO  
EFFECT.

584  
CASE NO. ~~582~~  
ORDER NO. R-~~356~~-A  
370

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. on October <sup>28</sup>~~25~~,

1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of

New Mexico, hereinafter referred to as the "Commission".

NOW, on this \_\_\_\_\_ day of November, 1953, the Commission,  
a quorum being present, having considered the testimony adduced, the exhibits  
received, the statements of interested parties, the official records of this  
Commission and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has  
jurisdiction of this cause.

(2) That the Commission by virtue of Order R-356 adopted certain  
"Standby Rules" pertaining to the four county area of Lea, Eddy, Chaves and  
Roosevelt Counties, New Mexico; said rules dealing with well spacing, allocation,



proration units and other pertinent matters.

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(3) That the Commission issued Order R-368, pertaining to the

<sup>Eminent</sup>  
Jalco Gas Pool adopting the Rules and Regulations of Order R-356 as the  
special pool Rules and Regulations of the <sup>Eminent</sup> Jalco Gas Pool pending further  
order.

(4) That the Rules and Regulations as set forth in Order R-356

with certain amendments should be placed in full force and effect in the

<sup>Eminent</sup>  
Jalco Gas Pool.

(5) That operators in certain designated oil and gas pools in

<sup>Eminent</sup>  
the area of the Jalco Gas Pool should supply to the Commission certain  
geological and reservoir information in order that a complete evaluation of  
the productive limits of this pool can be ascertained.

(6) That an adequate gas well testing procedure should be adopted

as soon as possible so that operators, purchasers and the Commission can  
determine the feasibility of employing an allocation factor pertaining to  
well productivity, deliverability or pressure in allocating production and  
that pending this evaluation the allocation of gas in the <sup>Eminent</sup> Jalco Pool shall be  
on a 100% acreage basis using 160 acre proration units as a basis for the  
allocation.

(7) That the allocation of gas on a 160 acre proration unit basis

be limited to 160 acres in the form of a square being a legal subdivision,

quarter section, of the U. S. Public Land Survey and that deviation from this

basis shall be allowed only after proper notice and hearing.

(8) That in granting exception to the standard 160 acre proration unit the Commission ~~shall~~ give special consideration to wells heretofore completed, which would make pooling agreements of acreage economically impractical.

(9) That the portion of the Jalco Gas Pool known as the "Rhodes Storage Area" should be granted exception to the Rules and Regulations of the Jalco Gas Pool provided certain reports are made to the Commission.

(10) That for the purpose of administration and clarification of pool rules, all the rules applicable to well spacing, production, proration and allocation of gas in the Jalco Gas Pool should be set out in this order under the heading <sup>EMEND</sup> "JALCO GAS POOL RULES"

IT IS THEREFORE ORDERED:

That the following Rules shall apply to the <sup>EMEND</sup> Jalco Gas Pool, Lea County, New Mexico.

<sup>EMEND</sup>  
JALCO GAS POOL RULES

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

Rule 1. Any well drilled a distance of one mile or more from the <sup>EMEND</sup> outer boundary of the Jalco Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of the <sup>EMEND</sup> Jalco Gas Pool shall be spaced, drilled, operated and prorated in accordance with the

<sup>amendment</sup>  
Regulations in effect in the Jatto Gas Pool.

Rule 2. Each well drilled or recompleted within the <sup>amendment</sup> Jatto Gas Pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys.

Rule 3. Each well drilled within the <sup>amendment</sup> Jatto Gas Pool shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to a quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

Rule 4. The Secretary of the Commission shall have authority to grant an exception to the requirements of Rule 3 without notice and hearing where application has been filed in due form, and,

(a) When the necessity for an unorthodox location is based on topographical conditions, or is occasioned by the recompletion of a well previously drilled to another horizon, and

(b) When either one of the following is applicable.

1. When the ownership of all oil and gas leases within a radius of 1320 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location.

2. When all owners of oil and gas leases within such radius consent in writing to the proposed location.

Rule 5. The provision of Statewide Rule 164 Paragraph (k), shall not apply to the <sup>Each</sup> Juize Gas Pool located in Lea County, New Mexico.

#### **GAS PRORATION**

Rule 6. The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Juize Gas Pool and other relevant data and shall fix the allowable production of the Juize Gas Pool, and shall allocate production among the gas wells in the Juize Gas Pool upon a reasonable basis with due regard to correlative rights.

#### **PRORATION UNITS**

Rule 7 (a) For the purpose of gas allocation in the Juize Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, except as outlined in Paragraph (b). Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.
2. The acreage assigned to the non-standard unit lies wholly within a legal quarter section and contains a well capable of producing gas into a gas transportation facility on the date of this order.
3. The operator receives written consent in the form of waivers from all operators in the adjoining 160 acre proration units.

## **GAS ALLOCATION**

**Rule 8.** At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the <sup>Edmore</sup> ~~Jalco~~ Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

**Rule 9.** Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from the <sup>Edmore</sup> ~~Jalco~~ Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said

adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in <sup>ELEMENT</sup> the Jalco Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalco Gas Pool <sup>ELEMENT</sup> any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

#### BALANCING OF PRODUCTION

Rule 10. Underproduction: The dates 7:00 A. M., January 1 and 7:00 A. M., July 1 shall be known as balancing dates and the periods of time bounded by these

dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

Rule 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

#### GRANTING OF ALLOWABLES

Rule 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

Rule 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, *as determined from the* or the date of filing of Form *offered furnished to the Commission by the producer.* C-104 and Form C-110 and the plat described above, whichever date is the later. *(Box 2045, Hill, Pa.)*

#### REPORTING OF PRODUCTION

Rule 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission *on Form C-115,* so as to reach the Commission on or before the twentieth 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 gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion



engines and other similar lease equipment shall not be charged against the well's allowable.

#### DEFINITIONS

Rule 15. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

Rule 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

PROVIDED FURTHER that those wells located within the defined limits of the <sup>Eumant</sup> Jalco Gas Pool which produce oil and receive an oil allowable on the oil proration schedule shall be prorated as oil wells pending further study and that "preliminary" and "supplemental" nominations, as outlined in Rules 8 and 9 above, shall pertain only to gas wells which are not assigned an oil allowable.

PROVIDED FURTHER that all operators of oil or gas wells shall submit to the Hobbs office of this Commission (Box 2045) on or before January 1, 1954 a copy of either an electric log or sample log of each well, <sup>if available</sup> whether oil or gas, they operate within the defined limits of the <sup>Eumant</sup> Jalco Gas Pool. Attached to each log shall be a detailed report showing well elevation, total depth, plug back depth, depth of production string, interval of perforations and open hole and estimation of formation tops of Yates, Seven Rivers and Queen as indicated by the log.

In the event that the Commission deems it advisable to obtain additional information from wells producing outside the defined limits of the <sup>Edment</sup> Jalco Gas Pool the Secretary of the Commission is hereby authorized to issue a directive to operators in order to obtain the desired information.

PROVIDED FURTHER That the provisions of these rules contained herein shall not apply to those wells involved in the Rhodes Storage Area. ~~Provided, however, that operators in the Rhodes Storage area shall submit semi-annual reports, corresponding with the Jalco pool proration period, said reports shall contain statistical information showing the amount of gas injected and withdrawn from storage during each period and the cumulative amount of gas injected and withdrawn at the end of the proration period.~~

PROVIDED FURTHER that as soon as possible a testing procedure for all gas wells shall be adopted by the Commission. Said procedure shall contain adequate tests in order to determine the usefulness of employing any well potential, deliverability or pressure factors in allocating gas.

PROVIDED FURTHER that those operators who desire approval of the Commission of gas-oil dual completions under the provisions of Statewide Rule 112-A should also comply with the provisions of Rules 2, 3 and 4 of this order before approval will be granted.

PROVIDED FURTHER that in order to inaugurate gas prorationing and <sup>Edment</sup> allocation in the Jalco Gas Pool on January 1, 1954 the Commission shall consider

the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each purchaser of gas from the <sup>Eminent</sup> ~~Jalco~~ Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased commencing January 1, 1954. In this instance the list of wells shall pertain solely to those wells which are gas wells and are not on the oil proration schedule.

PROVIDED FURTHER that in the event an operator has a producing well on acreage which does not conform to the provisions of Rule 2 or Rule 7 and an exception to Rule 7 is to be requested of this Commission the necessary information requested under Rule 12 should be complied with pending Commission action. In this instance the Proration Manager is directed to assign to the well only that acreage attributable to the well lying within the quarter section upon which the well is located. In the event the unorthodox unit is approved after notice and hearing and an increase in total acreage is permitted then the total allowable assigned the well shall be adjusted and made retroactive to the 1st day of the proration period or the 1st day the well produced into a gas transportation facility if the well was not productive prior to January 1, 1954.

*Forwarded to Division that copies of Item 6.15  
Monthly Production Report submitted for  
compliance with Rule 14, shall be  
distributed by the Division to the  
Oregan Oil & Gas Board  
2 copies*

Me-Tex Supply Company desires to make a preliminary statement in regard to its position in filing the Motion for Rehearing in Case No. 584. For the purpose of the record and in order to advise the Commission of the attack being made on Order No. R-370-A by the Me-Tex Supply Company it is necessary to call attention to hearings and orders heretofore entered by the Commission relating to the question of the proration of gas. The first efforts of the Commission to prorate natural gas within the State of New Mexico was given Case No. 521 and on August 28, 1953, the first order attempting to prorate gas was entered by the Commission after reciting that hearings had been had on the subject matter involved on March 17, 1953, April 16, 1953, May 19, 1953, June 16, 1953, July 16, 1953 and August 20, 1953, and as a result of these hearings Order No. 356 was entered by the Commission establishing means and methods for the proration of natural gas in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico. Thereafter, on September 17, 1953, the Commission in Case No. 584 and under Order No. R-370 adopted the means and methods for the proration of natural gas in regard to Lea, Eddy, Chaves and Roosevelt Counties as established in Order No. R-356 as the special rules and regulations for the Eumont Gas Pool, pending further hearing. That Order No. R-370 provided that all interested parties in the Eumont Pool as delineated by the Commission, should show cause on October 28, 1953, why Order No. R-370 should not become final and the rules covering the means and methods of prorating gas in the Eumont Pool in Lea County, New Mexico, be established.

The Me-Tex Supply Company at the hearing on October 28, 1953, filed its written exceptions to the Show Cause Order of the Commission in Case No. 584 and directed the Commission's attention to certain defects in the order which were and are jurisdictional.

The exceptions filed by Me-Tex Supply Company were ignored by the Commission and the Commission on the 10th day of November, 1953, entered its Order No. R-370-A, adopting certain rules and regulations covering the proration of natural gas in the Sumont Pool in Lea County, New Mexico, as delineated by the Commission. Thereafter and within the twenty days specified in the Statutes of the State of New Mexico, the Me-Tex Supply Company filed its Motion for Rehearing in Case No. 584. The motion was granted by the Commission on December 7, 1953, within the time authorized by the Statutes for the Commission to act upon motion for rehearing. The Motion for Rehearing was set for January 21, 1954 at 9:00 A.M. in Mabry Hall, Santa Fe, New Mexico, along with a Motion for Rehearing filed by Texas & Pacific Coal & Oil Company in Case No. 582 concerning the Jalco Gas Pool. The hearing of the Texas & Pacific Coal & Oil Company, commencing on January 21st, extended through noon of January 22nd, being the time announced by the Commission when some of the Commissioners would not be able to remain in further attendance at the hearing. Upon a disclosure of this fact, the Me-Tex Supply Company moved that its rehearing be continued until the February hearing date. There being no objection, the Commission granted the Motion for Continuance to the February hearing date.

Having advised the Commission of the procedural steps taken in the matter in question, it now states its position in attacking the Order of the Commission. The Me-Tex Supply Company alleges that Order No. R-370-A is illegal and unauthorized under the law for the following reasons:

1. That under the Laws of the State of New Mexico before the Commission is authorized to make rules and regulations providing for the proration of gas in a gas pool, the Commission must find the existence of waste.

2. The Commission is authorized to make rules and regulations providing for the proration of gas in a gas pool when and only when the Commission has first fixed the allowable for such pool.

3. Before the fixing of an allowable for a gas pool and the entry of orders providing for the proration of such gas allowable and the spacing of gas wells, the Commission is required to obtain from the gas purchasers in said pool their nomination for gas from said pool.

4. The Commission is without the power or jurisdiction to put into effect any rule or regulation which would permit the production of more than one allowable from a producing gas well in a delineated gas pool by authorizing the assigning of acreage to the proration unit in excess of the declared proration unit for a gas well.

5. The records of the Commission, from the commencement of consideration of the question of gas proration in the Counties of Lea, Eddy, Chaves and Roosevelt, New Mexico, fail to show that the Commission has met any of the requirements set out in Paragraphs 1, 2, 3, and 4 above, before the entry of Order No. R-370-A and having so failed, the order so entered and sought to be enforced, is illegal and void for the want of jurisdiction on the part of the Commission to enter the same.

In addition to the jurisdictional defects called to the Commission's attention under Paragraphs 1, 2, 3, and 4 above, the Me-Tex Supply Company further attacks the validity of the Order No. R-370-A on the following grounds:

That Order R-370-A as entered by the Commission fails to take into consideration valid, legal property rights of producers within the delineated area of the now designated gas pool, who have heretofore drilled for and completed gas wells within the delineated area under the then existing laws of the

State of New Mexico and the rules and regulations of the Commission, and who had produced natural gas from said wells from the time of completion and obtaining a market therefor under the rules and regulations of the Commission and in compliance with such rules and regulations in force at the time of the drilling and completing of said well. Until the entry of Order No. R-370 the rules of the Commission required the spacing of a well for oil or gas on 40 acre units. These wells so drilled under the then existing rules and regulations of the Commission were legal wells and continued to be legal wells until the adoption of Order No. R-370 and R-370-A, when by the adoption of such order the wells lost their legal character and were reduced from a legal well to a well authorized to produce only one-quarter of the allowable to be fixed by the Commission, and further, in the adoption of Order No. R-370-A the Commission ignored the U. S. Government Survey covering many of the areas included within the delineated area of the nine gas pools in that the order establishes as a producing unit a legal quarter section in the form of a square containing not less than 158 or more than 162 acres in accordance with the U. S. Government Survey, when the official map of the Eumont area shows many sections located therein along the township correction line containing 960 acres, more or less, and having only two legal quarter sections under U. S. Government Survey, to-wit: the SE $\frac{1}{4}$  and SW $\frac{1}{4}$ . The balance of the 640 acres, more or less, contained in said sections are surveyed as lots and numbered from 1 to 16, containing approximately 40 acres in area. That the wording of the order makes it impossible for an operator to have a legal proration unit in the NE $\frac{1}{4}$  of the sections along the township correction line.

Subsequent to the entry of the order and as has been disclosed by the proration schedule, being Order AG 1 and AG 1 A, bearing date of January 1954, it is now definitely disclosed

that the purported proration schedule for gas in Lea County is not a proration order, but merely a ratable take order. The Commission, under the Laws of the State of New Mexico, has the authority to require ratable take and the adoption of Order No. R-370-A is not necessary to enforce such a procedure. In support of our contentions we offer in evidence the following:

1. Order No. 356 entered in Case No. 521
2. Order No. 370 entered in Case No. 584
3. Response of Me-Tex Supply Company to Order No. R-370 entered in Case No. 584.
4. Record in Case No. 584.
5. Order No. R-370-A entered in Case No. 584.
6. Telegram dated December 7, 1953 addressed to Melvin Neal.
7. Lea County Gas Proration Schedule January 1954 Order AG 1 and AG 1 A.
8. Sectional map showing area involved in the Eumont Gas Pool delineated area involving the correction township line.



FROM THE  
COMMISSIONER OF THE  
STATE OF NEW MEXICO

Transcript of Proceedings

Case No. 534

Regular Hearing  
February 17, 1954

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
at  
Santa Fe, New Mexico  
February 17, 1954  
Wednesday  
Afternoon Session

-----  
In the Matter of:

No testimony has yet been presented in this rehearing concerning the Eumont Gas Pool; it was continued upon request of applicant, Me-Tex Supply Company, after being advertised for rehearing January 21, 1954.

Case No. 584

Continued.

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(Notice of Publication read by Mr. Graham).

MR. GIRAND: If the Commission pleases, W. D. Girand from Hobbs, New Mexico, representing Me-Tex. We feel that the decision of the Commission in the Jalco case might have quite an influence on whether or not our re-hearing shall proceed. In the light of that fact we would like for it to be continued more or less indefinitely until called by notice by the Commission until the Jalco matter is determined.

MR. SPURRIER: Is there objections to counsel's motion? In the absence of any objections we will continue the case indefinitely and we will reopen the case with proper notice.

MR. GIRAND: We would like it understood, if the Commission pleases, that our rights as they now exist under the temporary order of the Commission be preserved pending final determination.

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO }

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 584 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on February 17, 1954, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 20<sup>th</sup> day of February, 1954.

Ada Dearnley  
COURT REPORTER

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

JANUARY 1954

ORDERS AG 1 AND AG 1 A

NEW MEXICO  
OIL CONSERVATION COMMISSION

LEA COUNTY  
GAS PRORATION SCHEDULE

PRORATION OFFICE  
BOX 2045  
HOBBS, NEW MEXICO

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

ORDER No. AG-1

GAS PRORATION ORDER  
FOR PERIOD JANUARY 1, 1954 THROUGH JUNE 30, 1954

The Commission held public hearing at Santa Fe, New Mexico on November 19, 1953 at 9 o'clock a.m., pursuant to legal notice for the purpose of setting the allowable production of gas from the following nine (9) gas pools in Lea County, New Mexico for the six month period, January 1, 1954 through June 30, 1954:

Amanda, Arrow, Blinebry, Byers-Queen  
Eumont, Jalco, Justis, Langmat and Tubb.

NOW, on this day the Commission, a quorum being present, having considered the nominations of purchasers, the capacity of producing wells, and being otherwise fully advised in the premises,

FINDS:

(1) The total nominations of purchasers of gas produced from the above listed nine (9) gas pools for the period January 1, 1954 through June 30, 1954 is 49,163,888 MCF. The individual pool nominations, which total 49,163,888 MCF, are as follows:

AMANDA	181,000
ARROW	654,962
BLINEBRY	3,832,813
BYERS-QUEEN	193,370
EUMONT	14,154,009
JALCO	9,808,806
JUSTIS	378,593
LANGMAT	17,038,720
TUBB	2,921,615

(2) The potential producing capacity of all gas wells in the nine (9) gas pools listed above is in excess of the nominations of purchasers of gas and in order to prevent waste and protect correlative rights, the production of gas from the above listed nine (9) gas pools should be limited and allocated and distributed during the six month proration period commencing January 1, 1954.

(3) That all the producing gas wells, together with the expected completed or recompleted wells in the nine (9) gas pools listed above can produce a total of 49,163,888 MCF without causing waste within the six month proration period commencing January 1, 1954, and an allocation based upon such production would be reasonable and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) For the six month proration period commencing January 1, 1954 the total allowable production to be assigned the nine (9) allocated gas pools in Lea County be and the same hereby is as follows:

AMANDA	181,000	MCF
ARROW	654,962	MCF
BLINEBRY	3,832,813	MCF
BYERS-QUEEN	193,370	MCF
EUMONT	14,154,009	MCF
JALCO	9,808,806	MCF
JUSTIS	378,593	MCF
LANGMAT	17,038,720	MCF
TUBB	2,921,615	MCF

(2) The allocation hereby set for said six month proration period in the nine (9) allocated pools in Lea County, New Mexico shall be in accordance with Orders Nos. 368-A through 376-A inclusive, and the Commission's Rules and Regulations.

(3) The total allowable production for each pool as set forth shall be allocated on a monthly basis in accordance with Schedule "A", attached hereto and said schedule shall be adjusted monthly to meet changes in market conditions as reflected by purchasers supplemental nominations and actual gas production, in accordance with Orders Nos. 368-A through 376-A inclusive.

The foregoing order shall remain effective until further order of the Commission.

DONE at Santa Fe, New Mexico, this 24th day of November, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

SCHEDULE "A"

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
AMANDA	31,000	28,000	31,000	30,000	31,000	30,000	181,000
ARROW	121,449	93,233	142,821	107,722	94,997	94,740	654,962
BLINEBRY	820,320	677,076	922,163	571,889	414,369	426,996	3,832,813
BYERS-QUEEN	33,760	30,160	33,260	31,990	32,710	31,490	193,370
EUMONT	2,734,570	2,494,793	2,633,282	2,249,856	2,065,222	1,976,286	14,154,009
JALCO	2,030,192	1,555,596	2,909,317	1,505,725	858,871	949,105	9,808,806
JUSTIS	83,682	66,702	100,669	55,490	34,411	37,639	378,593
LANGMAT	3,528,708	2,754,662	4,929,995	2,621,570	1,534,222	1,669,563	17,038,720
TUBB	605,480	517,823	596,384	439,286	381,176	381,466	2,921,615
TOTAL							49,163,888

All figures in MCF @ 60° F. & 15.025 P.S.I.A.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

ORDER NO. AG-1-A

SUPPLEMENTARY GAS PRODUCTION ORDER FOR  
MONTH OF JANUARY, 1954

The Commission held public hearing at Santa Fe, New Mexico on December 17, 1953 at 9 o'clock a. m., pursuant to legal notice, for the purpose of setting the allowable production of gas from the following nine gas pools in Lea County, New Mexico, for the month of January, 1954:

Amanda, Arrow, Blinebry, Byers-Queen, Eumont, Jalco, Justis  
Langmat and Tubb

NOW, on this day the Commission, a quorum being present, having considered the supplementary nominations of purchasers, the capacity of producing wells, and being otherwise fully advised in the premises,

FINDS:

(1) The total nominations of purchasers of gas produced from the above listed nine gas pools for the month of January, 1954 is 12,299,763 MCF. The individual pool nominations, which total 12,299,763 MCF, are as follows:

Amanda	31,000
Arrow	135,391
Blinebry	973,425
Byers-Queen	8,760
Eumont	3,040,253
Jalco	2,629,478
Justis	130,109
Langmat	4,655,871
Tubb	695,476

(2) The potential producing capacity of all gas wells in the nine gas pools listed above is in excess of the nominations of purchasers of gas and in order to prevent waste and protect correlative rights, the production of gas from the above listed nine gas pools should be limited, allocated and distributed during the month of January, 1954.

(3) That all the producing gas wells, together with the expected completed or recompleted wells in the nine gas pools listed above, can produce a total of 12,299,763 MCF without causing waste during the month of January 1954, and an allocation based upon such production would be reasonable and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) For the month of January, 1954 the total allowable production to be assigned the nine allocated gas pools in Lea County, New Mexico, be and the same hereby is as follows:

Amanda	31,000
Arrow	135,391
Blinebry	973,425
Byers-Queen	8,760
Eumont	3,040,253
Jalco	2,629,478
Justis	130,109
Langmat	4,655,871
Tubb	695,476

(2) The allocation hereby set for the month of January in the Nine allocated pools in Lea County, New Mexico, shall be in accordance with Order Numbers R-368-A through R-376-A, inclusive, and the Commission's Rules and Regulations.



Order No. AG-1-A

(3) A proration schedule, duly prepared by the the Commission and thereafter adopted, for the month of January, 1954, is hereto attached and made a part hereof; it distributes and allocates the allowable production among the gas wells in the nine gas pools listed above for the period stated, in accordance with the Rules and Regulations of the Commission and Orders R-368-A through R-376-A, inclusive.

The foregoing order shall remain effective until further order of the Commission.

DONE at Santa Fe, New Mexico, this 21st day of December, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

SEAL

OPERATOR	WELL NO.	S.T.H.	ACRES	FACTOR	AMANDA	JAN. ALLOW.	PIPE
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\* Indicates marginal wells

GULF OIL CORP.	1 J	25-22-37	12C	.75		31,000	Gulf
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ARROW

Beginning with the Merch Schedule this space will be used for tabulating Previous Allowables and Production and for calculating allowable adjustments.

CONTINENTAL OIL CO.	6-P	1-22-36	160	1.00		33,848	Cont.
Lockhart R-1							
GULF OIL CORP.	1-O	24-21-36	160	1.00		33,848	Gulf
Western H.T. A							
Ramsey B	2-E	25-21-36	160	1.00		33,848	"
SINCLAIR OIL & GAS CO.	4-N	25-21-36	160	1.00		33,848	E.P.
Brownlee							
POOL TOTALS	4		640	4.00		135,392	

BLINDBRY

AMERADA PET. CORP.	4-I	16-21-37	80	.50		15,575	P.B.
State DA							
AZTEC OIL & GAS CO.	2-A	10-21-37	40	.25		7,788	S.U.
Duron							
CITIES SERVICE OIL CO.	1-E	15-21-37	80	.50		15,575	E.P.
State S							
CONTINENTAL OIL CO.	8-O	11-21-37	160	1.00		31,150	E.P.
Lockhart R-11							
GULF OIL CORP.	5-D	30-22-38	160	1.00		31,150	E.P.
Vivian							

OPERATOR	WELL NO.	S.T.R.	NO. ACRES	FACTOR	JAN. ALLOW.	PIPE LINE
LEASE					<u>BLINBERT CONT'D</u>	
HUMBLE OIL & REG. CO.						
Pentose	1-B	13-22-37	160	1.00	31,150	E.P.
MAGNOLIA PET. CO.						
Brunson Argo	6-E	10-22-37	160	1.00	31,150	P.B.
Carson, E.O.	8-F	33-21-37	120	.75	23,363	P.B.
Corrigan, H	7-P	33-21-37	120	.75	23,363	P.B.
Long, S.E.	8-J	11-22-37	160	1.00	31,150	P.B.
Marshall Unit	3-D	34-21-37	160	1.00	31,150	F.B.
Williamson	1-A	23-21-37	40	.25	7,788	P.B.
MARKHAM, CONE & REDFERN						
Hubanks	1-M	14-21-37	160	1.00	31,150	E.P.
MORAN, E. F.						
Owen	2-D	14-21-37	160	1.00	31,150	E.P.
OHIO OIL CO.						
Marshall B	4-L	27-21-37	160	1.00	31,150	P.B.
Muncy	3-N	24-22-37	80	.50	15,575	E.P.
Warlick C	2-O	15-21-37	160	1.00	31,150	P.B.
Wortham	12-H	11-22-37	160	1.00	31,150	P.B.
OLSEN, R. OIL CO.						
Boyd	2-H	23-22-37	160	1.00	31,150	E.P.
Danglade	1-L	13-22-37	80	.50	15,575	E.P.
Drinkard	1-C	25-22-37	120	.75	23,363	E.P.
Sims	1-F	25-22-37	40	.25	7,788	E.P.
PHILLIPS PET. CO.						
Sims	1-L	24-22-37	80	.50	15,575	E.P.
Sims	4-D	24-22-37	160	1.00	31,150	E.P.
SAMEDAN OIL CORP.						
Parks	2-K	14-22-37	160	1.00	31,150	E.P.
Parks A	5-O	14-22-37	160	1.00	31,150	"
SHELL OIL CO.						
Argo	3-K	15-21-37	160	1.00	31,150	E.P.
Argo A	5-F	22-21-37	160	1.00	31,150	E.P.



OPERATOR	WELL NO.	S.T.R.	NO. ACRES	FACTOR	ELMONT	JAN. ALLOW.	PIPE LINE
AMERADA PET. CORP.							
Andrews	1-D	12-20-36	80	.50		19,806	P.B.
Lambert	1-B	6-20-37	160	1.00		39,612	P.B.
Phillips A	1-G	31-19-37	80	.50		19,806	A.N.
Phillips	8-G	1-20-36	160	1.00		39,612	P.B.
State D	3-F	1-20-36	160	1.00		39,612	P.B.
State F	1-M	36-19-36	160	1.00		39,612	P.B.
State G	1-N	18-19-37	80	.50		19,806	P.B.
State O	1-B	30-19-37	160	1.00		39,612	P.B.
State F	2-M	29-19-37	160	1.00		39,612	P.B.
State Q	3-O	16-20-37	160	1.00		39,612	P.B.
State T	3-F	25-19-36	40	.50		19,806	P.B.
State V	3-H	36-19-36	160	1.00		39,612	P.B.
Well	4-F	35-19-36	160	1.00		39,612	P.B.
ANTWELL, MORRIS R.							
Phillips Hooper	1-O	27-20-37	160	1.00		39,612	S.U.
" Crawford	1-A	34-20-37	160	1.00		39,612	P.B.
Stan, Fed.	1-E	35-20-37	160	1.00		39,612	P.B.
ANDERSON FRIGARD OIL CORP.							
Britt A	2-K	6-20-37	80	.50		19,806	A&P
ATLANTIC REG. CO.							
Coleman	1-C	17-21-36	40	.25		9,903	S.U.
Crutchfield	1-I	32-19-37	40	.25		9,903	P.B.
State H	1-O	5-21-36	160	1.00		39,612	P.B.
State K	2-S	6-21-36	80	.50		19,806	Phl.
State O	1-E	32-20-37	40	.25		9,903	Phl.
State O	2-D	32-20-37	40	.25		9,903	S.U.
AZTEC OIL & GAS CO.							
Burke	1-P	28-19-37	80	.50		19,806	S.U.
Burke	2-H	"	80	.50		19,806	S.U.
Maxwell St.	1-K	27-19-37	80	.50		19,806	S.U.
CITIES SERVICE OIL CO.							
Laughlin	5-O	5-20-37	120	.75		29,709	P.B.
State F	2-I	30-20-37	120	.75		29,709	P.B.

OPERATOR	WELL	ACRES	FACTOR	EDMONT CONT'D	JAN. ALLOW.	PIPE LINE
CONTINENTAL OIL CO.						
LEASE	NO. S.T.R.					
Britt A-6	4-L	6-20-37	80	.50	19,806	Cont.
Britt B-3	1-C	8-20-37	40	.25	9,903	E.P.
Britt B-10	1-M	10-20-37	160	1.00	39,612	E.P.
Britt B-15	3-L	15-20-37	160	1.00	39,612	Cont.
Britt B-18	3-J-6-P	18-20-37	160	1.00	39,612	Cont.
Lockhart A-18	1-P	18-21-36	80	.50	19,806	Cont.
Meyer A-8	3-M	8-21-35	160	1.00	39,612	E.P.
Meyer B-4	14-G	4-21-35	160	1.00	39,612	E.P.
Meyer B-8	4-D	8-21-36	160	1.00	39,612	E.P.
Meyer, Sewu B-26	1/1	26-20-37	160	1.00	39,612	E.P.
Sanderson A-11	1-I	11-20-35	160	1.00	39,612	Cont.
State A-19	1-L	13-19-37	40	.25	9,903	Cont.
State D-11	1-L	11-21-36	160	1.00	39,612	S.U.
FL PISO NATURAL GAS CO.	1-A	3-20-37	80	.50	19,806	E.P.
Sho.1 St.						
FTED3, BERT						
Turner, Hudson St.	2-C	32-20-37	80	.50	19,806	S.U.
GULF OIL CORP.						
Bell, R.F.	2-P	8-21-36	80	.50	19,806	Gulf
Leonard A	3-B	22-21-36	160	1.00	39,612	Gulf
Oroutt B	1-G	5-21-36	80	.50	19,806	P.B.
Remsey B	1-M	29-20-37	160	1.00	39,612	Gulf
HUMBLE OIL & REC. CO.						
Adkins	4-L	10-21-37	160	1.00	39,612	E.P.
Popeano	1-N	25-20-36	80	.50	19,806	E.F.
State Aggies	7-B	31-20-37	160	1.00	39,612	E.P.
State F	1-K	17-20-37	160	1.00	39,612	E.P.
KELLY, JOHN M.						
Houston Unit	1-P	8-19-37	160	1.00	39,612	E.P.
Cont. State F	1-D	1-21-36	160	1.00	39,612	E.P.
Kelly St.	1-F	13-19-36	160	1.00	39,612	P.B.
Phillips St.	1-P	12-19-36	160	1.00	39,612	E.P.
ME TEX						
Wallace St.	2-L	3-21-36	160	1.00	39,612	S.U.
Wallace St.	3-N	3-21-36	80	.50	19,806	S.U.

OPERATOR	WELL	NO.	S.T.R.	ACRES	FACTOR	EUMONT	CONTD	JAN.	PIPE
LEASE								ALLOW.	LINE
NOLAN & LANE									
Sinclair Williams	1-O	34-19-37	80	.50				19,806	S.U.
Williams, J.H.	3-N	34-19-37	160	1.00				39,612	W.P.
OHIO OIL CO.									
Barber	11-D	5-20-37	160	1.00				39,612	P.B.
PACIFIC WESTERN OIL CORP.									
State D	1-H	32-20-37	80	.50				19,806	S.U.
PHILLIPS PET. CO.									
Bern A	1-P	14-19-36	160	1.00				39,612	E.P.
Monument	1-H	12-19-36	160	1.00				39,612	E.P.
New	2-H	26-20-36	80	.50				19,806	Ph11.
SCHERMERHORN OIL CORP.									
Christmas	1-D	11-20-37	40	.25				9,903	P.B.
SHELL OIL CO.									
State	1-G	20-21-36	160	1.00				39,612	E.P.
State	1-E	7-19-37	160	1.00				39,612	E.P.
State A	1-P	35-19-36	40	.25				9,903	E.P.
State B	1-E	36-19-36	160	1.00				39,612	E.P.
State F	1-I	29-19-37	40	.25				9,903	E.P.
State L	2-X	1-21-35	160	1.00				39,612	E.P.
State M	4-P	1-21-35	160	1.00				39,612	E.P.
SINCLAIR OIL & GAS CO.									
Barber	7-E	8-20-37	80	.50				19,806	E.P.
SKELLY OIL CO.									
Christmas	1-M	25-19-36	40	.25				9,903	E.P.
Monstate	2-I	13-19-36	160	1.00				39,612	E.P.
Monstate	4-N	13-19-36	160	1.00				39,612	P.B.
Monstate	5-H	13-19-36	160	1.00				39,612	P.B.
State G	1-J	30-20-37	40	.25				9,903	S.U.
State B	5-G	16-21-36	80	.50				19,806	P.B.
State B	7-E	"	160	1.00				39,612	P.B.

OPERATOR	WELL	NO.	S. T. R.	ACRES	FACTOR	JAN.	PIPE
LEASE	SKELLY OIL CONT'D					ALLOW.	LINE
Van Etten	9-L	9-20-37	160	1.00		39,612	S.U.
"	10-O	9-20-37	160	1.00		39,612	S.U.
SOUTHERN UNION GAS CO.	1-B	33-19-37	120	.75		29,709	S.U.
Williams	2-I	33-19-37	120	.75		29,709	S.U.
STANOLIND OIL & GAS CO.	4-B	24-20-36	160	1.00		39,612	P.B.
Gilluly A							
SUN OIL CO.	1-L	3-21-36	160	1.00		39,612	E.P.
Akens, J.N.	6-I	3-21-36	160	1.00		39,612	E.P.
Akens, J.N.							
SUNRAY OIL CORP.	3-D	7-20-37	80	.50		19,806	SUNR.
Cooper	4-H	12-20-36	80	.50		19,806	E.P.
"							
THE TEXAS CO.	1-D	10-20-37	120	.75		29,709	P.B.
Phillips	1-N	12-21-36	80	.50		19,806	P.B.
Riddel							
TIDE WATER ASSOC. OIL CO.	3-A	17-21-36	160	1.00		39,612	E.P.
Coleman	1-H	13-21-36	160	1.00		39,612	E.P.
Marshall (D)	4-A	8-21-36	160	1.00		39,612	E.P.
State A	3-F	17-19-37	160	1.00		39,612	E.P.
State J	1-K	13-20-36	80	.50		19,806	E.P.
State K	2-P	16-21-36	160	1.00		39,612	E.P.
State E							
TWO STATES OIL CO.	1-J	11-21-36	40	.25		9,903	E.P.
McQuatters							
WARREN PET. CORP.	3-I	3-21-36	160	1.00		39,612	P.B.
Evans St.	7-E	5-21-36	160	1.00		39,612	P.B.
Heasley St.							
RECD TOTALS	100		12,280	76.75		3,040,221	

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OPERATOR	WELL	NO.	ACROSS	FACTOR	JALCO	JAN.	PIPE
LEASE	UNIT S.T.R.					ALLOW.	LINE
AMERADA PET. CORP.							
State JCT	1-E	16-23-36	80	.50		18,211	P.B.
"	2-G	"	80	.50		18,211	P.B.
AMERICAN REPUBLICS CORP.							
Crosby A	1-O	29-25-37	80	.50		18,211	E.P.
Crosby B	1-N	29-25-37	160	1.00		36,421	E.P.
ARGO OIL CORP.							
Langhart, B.T.	1-H	21-25-37	80	.50		* 9,610	E.P.
CONTINENTAL OIL CO.							
Ascarate C-24	1-B	24-25-36	80	.50		* 4,495	E.P.
Ascarate D-24	1-J	24-25-36	80	.50		* 12,648	E.P.
Danciger A-8	2-P	8-23-36	160	1.00		36,421	E.P.
Farmey A-5	2-I	5-23-36	160	1.00		* 33,325	E.P.
Lockhart A-30	1-H	30-21-36	160	1.00		36,421	E.P.
Lockhart A-30	5-K	30-21-36	80	.50		18,211	E.P.
" A-30	6-F	30-21-36	160	1.00		36,421	E.P.
Lynn, J.T. A-27	1-D	27-23-36	160	1.00		36,421	E.P.
Lockhart A-18	3-K	18-21-36	160	1.00		36,421	E.P.
Lynn A-28	5-A	28-23-36	160	1.00		36,421	E.P.
Meyer Mc. A-29	1-O	29-22-36	160	1.00		36,421	E.P.
Meyer A-29	5-A	29-22-36	160	1.00		* 7,223	E.P.
Meyer B-18	2-C	18-21-36	160	1.00		36,421	E.P.
Meyer B-33	1-M	33-22-36	160	1.00		36,421	E.P.
Sholes, A-13	3-P	13-25-36	160	1.00		* 2,108	E.P.
Sholes B-30	2-D	30-25-37	80	.50		* 3,348	E.P.
State A-32	2-G	32-22-36	160	1.00		36,421	E.P.
State A-32	3-P	32-22-36	160	1.00		36,421	E.P.
State C-20	5-M	20-21-36	160	1.00		36,421	E.P.
" E-17	4-E	17-22-36	160	1.00		* 7,161	E.P.
" E-17	5-L	"	160	1.00		35,421	E.P.
Stevens A-34	1-E	34-23-36	160	1.00		* 4,433	E.P.
Vaughan A-14	6-K	14-24-36	160	1.00		36,421	E.P.
Wells, E.J. B-1	1-A	1-25-36	160	1.00		36,421	Cont.

OPERATOR	WELL	NO.	JAN.	PIPE
LEASE	UNIT	S.T.R.	ACRES	FACTOR
JALCO CONT'D				
CULBERTSON, E. A. & IRWIN, W. V. Lenehart, C.J.	1-B	28-25-37	120	.75
			27,316	E.P.
DALPORT OIL CORP.				
Harrison	1-G	7-25-37	80	.50
Lunt	1-F	20-22-36	160	1.00
Winters	1-B	13-25-37	160	1.00
Winters C	1-J	7-25-37	160	1.00
			18,211	E.P.
			*17,422	E.P.
			36,421	E.P.
			36,421	E.P.
EL PASO NAT. GAS CO.				
Bates	1-M	10-26-37	80	.50
Langle Fed.	1-J	17-25-37	160	1.00
Parker	1-D	29-26-37	80	.50
			18,211	E.P.
			36,421	E.F.
			18,211	E.F.
GULF OIL CORP.				
Ramsey Arnott B	1-M	32-25-37	160	1.00
" E	2-O	16-25-37	160	1.00
Campbell	2-K	7-21-36	160	1.00
Janda B	1-J	32-21-36	160	1.00
			36,421	Gulf
			36,421	E.P.
			36,421	Gulf
			36,421	P.B.
HUBBARD, HARRY				
Elliott	1-F	17-26-37	80	.50
			18,211	E.P.
HUMBLE OIL & REG. CO.				
Cooper, J.M.	1-F	14-24-36	40	.25
Harrison	1-M	25-24-36	160	1.00
Lenehart	1-K	21-25-37	40	.25
State B	1-E	29-21-36	80	.50
State B	7-I	"	160	1.00
Thomas A E	1-O	23-24-36	80	.50
			18,211	E.P.
KELLY, JOHN M. Shahan	3-G	33-25-37	120	.75
			27,316	E.P.
KRUPP-FLAHEITY				
Moberly C	3-E	21-26-37	80	.50
			18,211	E.P.

OPERATOR	WELL	NO.	ACRES	FACTOR	JAN.	PIPE
LEASE	UNIT S.T.R.				ALLOW.	LINE
JANCO CONT'D						
LATE OIL CO. Rector, J.K.	1-G	31-21-36	80	.50	18,211	E.P.
LEONARD OIL CO. Bates, C.T. Bates, C.T. Justis, B.M. Justis, R.M. Justis, V.H.	1-I 2-D 1-H 2-H 1-D	20-25-37 29-25-37 19-25-37 20-25-37 20-25-37	160 160 80 160 160	1.00 1.00 .50 1.00 1.00	36,421 *26,877 18,211 36,421 36,421	E.P. E.P. E.P. E.P. E.P.
ICME, RALPH Rose, Maggie Shell St. B	1-M 1-K	18-25-37 16-23-36	160 40	1.00 .25	*21,111 *1,116	E.P. E.P.
OLSEN-BLOUNT OIL CO. Legal Jenkins Owens, Eve Woolworth	2-I 1-M 1-M 1-P	31-25-37 29-25-37 21-25-37 26-24-36	160 160 80 80	1.00 1.00 .50 .50	*21,112 36,421 18,211 18,211	E.P. E.P. E.P. E.P.
OLSEN R. PERSONAL Repollo Watkins	1-E 1-A	28-25-37 35-24-36	160 80	1.00 .50	36,421 18,211	E.P. E.P.
OLSEN, R. OIL CO. Calley Cooper, S.R. " Cooper B " G Winningham "	1-H 1-H 5-H 2-C 1-C 1-C 2-H	7-25-37 23-24-37 14-24-36 14-24-36 11-24-36 30-25-37 19-25-37	80 160 80 40 160 80 80	.50 1.00 .50 .25 1.00 .50 .50	18,211 36,421 18,211 9,105 36,421 18,211 18,211	E.P. E.P. E.P. E.P. E.P. E.P. E.P.
PHILLIPS PET. CO. Woolworth	12-K	26-24-36	80	.70	18,211	Phil.
SHELL OIL CO. State	1-A-D	36-24-36	160	1.00	36,421	E.P.

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES FACTOR	JAN. ALLOW.	PIPE LINE
JALCO CONT'D				
SHELL OIL CONT'D				
State A	2-A 12-21-35	160 1.00	36,421	E.P.
State H	2-A 13-21-35	160 1.00	36,421	E.P.
SINCLAIR OIL & GAS CO.				
State 157 F	1-A 17-23-36	160 1.00	36,421	E.P.
SKELLY OIL CO.				
Sherrell, J.W.	3-B 6-25-37	40 .25	9,105	E.P.
"	5-N 31-24-37	80 .50	18,211	E.P.
SOUTHERN CALIF. PET. CORP.				
Debbs	1-M 34-25-37	160 1.00	36,421	E.P.
"	2-E 34-25-37	160 1.00	*7,719	E.P.
Texas St.	2-I 16-23-36	80 .50	18,211	E.P.
Vosburg	1-I 18-25-37	80 .50	18,211	E.P.
Woolworth	4-M 8-25-37	160 1.00	36,421	E.P.
SUN OIL CO.				
Lanehart	2-I 20-25-37	80 .50	18,211	E.P.
STANOLIND OIL & GAS CO.				
Gregory A	22-N 31-25-37	40 .25	9,105	P.B.
" C	1-C 33-25-37	40 .25	9,105	E.P.
TEXAS PACIFIC COAL & OIL CO.				
State A ac/1	2-L 21-23-36	160 1.00	36,421	E.P.
"	3-E "	80 .50	18,211	E.P.
"	4-C "	80 .50	*10,044	E.P.
"	6-F "	40 .25	9,105	E.P.
"	8-O "	160 1.00	36,421	E.P.
"	9-M 9-23-36	160 1.00	36,421	E.P.
"	12 O "	160 1.00	36,421	E.P.
"	14 F "	160 1.00	36,421	E.P.
"	15-F 4-23-36	160 1.00	36,421	E.P.
"	18 M "	160 1.00	36,421	E.P.
"	23 B "	160 1.00	36,421	E.P.
State A ac/2	12-I 7-22-36	160 1.00	36,421	E.P.

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES FACTOR	JAN. ALLOW.	PIPE LINE
<u>JALCO CONT'D</u>				
TEXAS PACIFIC COAL & OIL CONT'D				
State A Ac/2	41-M 5-22-36	160 1.00	36,421	E.P.
TREBOL & RODMAN				
Federal	1-Y-C 5-23-36	160 1.00	36,421	E.P.
WESTATES PET. CORP.				
Wells B-6	1-A 6-25-37	40 .25	9,105	E.P.
WESTERN NATURAL GAS CO.				
Guthrie	1-O 3/-23-36	160 1.00	36,421	E.P.
Wells	1-G 6-25-37	40 .25	9,105	E.P.
Woolworth	1-A 17-25-37	160 1.00	36,421	E.P.
POOL TOTAL	104	12,880 80.50	2,629,513	

OPERATOR	WELL	NO.		JAN.	PIPE
LEASE	UNIT S.T.R.	ACRES	FACTOR	ALLOM.	LINE
ATLANTIC REG. CO.					
Justis	1-F 11-25-37	.80	.50	29,435	E.P.
CITIPS SERVICE OIL CO.					
Hodges B	1-M 1-25-37	160	1.00	*12,369	E.P.
OLSEN, R. OIL CO.					
Wimberly	1-H 23-25-37	40	.25	14,718	E.P.
TIDE WATER ASSOC. OIL CO.					
Coates C	1-F 24-25-37	40	.25	14,718	E.P.
WESTERN NATURAL GAS CO.					
Eaton	1-E 12-25-37	160	1.00	58,870	E.P.
POOL TOTALS	5	480	3.00	130,110	

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	LANGMAT	JAN. ALLOW.	PIPE LINE
AMERADA PET. CORP.						
State LMT	2 F	36-23-36	160	1.00	30,852	P.B.
ANDERSON-PRICHARD						
Wells	13 L	5-25-37	120	.75	23,139	E.P.
ATLANTIC REG. CO.						
Selby	1 F	33-22-36	160	1.00	30,852	EP
Hodges	1 I	8-24-37	160	1.00	30,852	PB
State 24	1 D	32-24-37	40	.25	7,713	Phl.
CITIES SERVICE OIL CO.						
Dabbs	1 D	23-25-37	80	.50	15,426	EP
Steto	1 L	36-23-36	80	.50	15,426	EP
CONTINENTAL OIL CO.						
Jack A-20	4 G	20-24-37	160	1.00	* 9,362	EP
Jack A-21	1 M	21-24-37	40	.25	7,713	EP
Jack A-29	3 H	29-24-37	160	1.00	* 6,324	EP
Jack B-17	3 A	17-24-37	160	1.00	30,852	EP
Jack B-30	1 H	30-24-37	160	1.00	30,852	EP
Lockhart B-28	3 L	28-21-36	160	1.00	30,852	EP
Lynn B-25	1 J	25-23-36	160	1.00	30,852	EP
Lynn B-25	2 M	"	160	1.00	30,852	EP
Lynn B-26	1 J	26-23-36	160	1.00	30,852	EP
Lynn B-26	2 A	"	160	1.00	30,852	EP
"	3 C	"	160	1.00	30,852	EP
"	4 M	"	160	1.00	30,852	EP
Lynn B-27	1 A	27-23-36	160	1.00	30,852	EP
Meyer B-28	2 A	28-22-36	160	1.00	* 14,880	EP
Meyer B-22	1 I	22-22-36	160	1.00	30,852	EP
Meyer B-23	1 C	23-22-36	160	1.00	30,852	EP
"	2 O	"	160	1.00	30,852	EP
Stovons A-34	2 G	34-23-36	160	1.00	30,852	EP
" A-35	1 J	35-23-36	120	.75	23,139	EP
"	2 L	"	160	1.00	* 23,560	EP
" B-7	1 M	7-23-37	160	1.00	30,852	EP
" B-7 Unit	1 D	"	160	1.00	30,852	EP

OPERATOR	WELL	NO.	ACRES	FACTOR	PIPE
LEASE	UNIT S.T.R.				L. LINE
CONTINENTAL CONT'D					
Stevens B-7	2 J 7-23-37	160	1.00		EP
" B-12	1 C 12-23-36	80	.50		EP
"	2 A "	160	1.00		EP
" B-14	1 I 14-23-36	160	1.00		EP
" B-15	2 K 15-23-36	160	1.00		EP
" B-18	1 F 18-23-37	160	1.00		EP
"	2 K "	160	1.00		EP
" B-18 Unit	1 B 18-23-37	160	1.00		EP
Vaughan B-1	1 H 1-24-36	160	1.00		EP
"	2 F "	160	1.00		EP
" B-12	1 H 12-24-36	80	.50		EP
DALPORT OIL CORP.					
Christmas	1 O 25-22-36	160	1.00		EP
" B	1 J 21-22-36	160	1.00		EP
King, E.F.	1 M 31-22-37	160	1.00		EP
" W.H.	1 M 6-23-37	160	1.00		EP
Jones, O.L.	1 P 34-22-36	160	1.00		EP
EL PASO NAT. GAS CO.					
Jed D	3 B 8-25-37	160	1.00		EP
Shell Black	2 O 21-24-37	80	.50		EP
GACKLE, ALBERT					
Combest	1 I 27-23-36	160	1.00		EP
Cowden R. W.	1 J 30-23-37	80	.50		EP
" B	1 L "	80	.50		EP
" C	4 C 31-23-37	160	1.00		EP
King, E.F.	1 O 12-23-36	160	1.00		EP
Jones, Rodman	1 M 35-22-36	160	1.00		EP
Sinclair St.	1 I 23-23-36	160	1.00		EP
"	2 K "	160	1.00		EP
"	3 D 3-23-36	160	1.00		EP
"	4 H "	160	1.00		EP
GULF OIL CORP.					
Christmas	1 P 27-22-36	160	1.00		PB



OPERATOR	WELL	NO.	PIFE		
LEASE	UNIT S.T.R.	ACRES	ALLOW. LINE		
LANGMAT CONT'D					
GULF OIL CORP. CONT'D					
Christmas	2 H 27-22-36	160	1.00	30,852	PB
Janda H	1 I 11-23-36	160	1.00	30,852	PB
" G	1 A 24-23-36	160	1.00	30,852	Gulf
" I	1 H 2-23-36	160	1.00	30,852	EP
" I	2 D "	160	1.00	30,852	EP
Woolworth	3 K 30-24-37	160	1.00	30,852	EP
HUMBLE OIL & RFG. CO.					
Hunter EE	1 D 24-24-36	160	1.00	9,734	EP
State AA	1 H 22-23-36	160	1.00	30,852	EP
State Z	1 H 2-24-36	160	1.00	30,852	EP
KELLY, JOHN M.					
Hair	1 K 8-24-37	120	.75	23,139	EP
KENWOOD OIL CO.					
State	1 C 32-24-37	40	.25	7,713	Sch.
LATE OIL CO.					
Thomas	1 M 17-24-37	160	1.00	30,852	EP
CLSEN, R. OIL CO.					
Blankenship	1 J 18-24-37	160	1.00	30,852	EP
Blincbry A	8 L 29-23-37	160	1.00	30,852	EP
Cooper	1 O 11-24-36	160	1.00	30,852	EP
James Mattie	1 G 10-22-36	160	1.00	30,852	EP
King (NW)	1 E 1-23-36	160	1.00	30,852	EP
Kind (SE)	1 O "	160	1.00	30,852	EP
Moyers B	1 F 13-24-36	160	1.00	30,852	EP
"	2 H 11-24-36	160	1.00	30,852	EP
CLSEN, R. PERSONAL					
Christmas BA	1 L 28-22-36	160	1.00	30,852	EP
PHILLIPS PET. CO.					
Woolworth	4 J 33-24-37	160	1.00	30,852	Phl.

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	JAN. ALLOW.	PIPE LINE
LANGMAY CONT'D					
SANEDAN OIL CONF. Hughes P	1 C 19-23-37	160	1.00	30,852	EP
SCHENCKHORN OIL CO. Woolworth	3 J 28-24-37	160	1.00	* 16,740	EP
SHELL OIL CO. Christmas A	1 M 23-22-36	160	1.00	30,852	EP
" B	1 L 25-22-36	160	1.00	30,852	EP
Dov. Christmas	2 R 21-22-36	160	1.00	30,852	EP
SIMON, JULIAN E. Smith	3 I 4-25-37	80	.50	15,426	EP
Woolworth	1 K 33-24-37	80	.50	15,426	EP
STINCLAIR OIL & GAS CO. Fowler Hair	2 E 9-24-37	80	.50	15,426	EP
Jones, Rodman	1 D 35-22-36	160	1.00	30,852	EP
Steto 157-C	1 O 32-24-37	40	.25	7,713	EP
"	2 P "	40	.25	7,713	EP
" E	1 G "	80	.50	* 12,183	EP
SKELLY OIL CO. Cooper J.W.	3 N 12-24-36	160	1.00	30,852	EP
King C	1 G 1-23-36	160	1.00	30,852	EP
" D	1 E 6-23-37	160	1.00	30,852	EP
Liberty Roy.	5 J 7-24-37	160	1.00	30,852	EP
Mexico D	1 J 36-23-36	80	.50	15,426	EP
" E	1-O-P 2-25-36	80	.50	15,426	EP
" G	1 D 16-24-37	160	1.00	30,852	EP
State M	3 K 32-24-37	120	.75	23,139	EP
SOUTHERN CALIF. PET. CONF. Alston	4 F 26-25-37	120	.75	23,139	EP
Gutman	1 G 18-24-37	80	.50	15,426	EP
Hunter	1 K 13-24-36	160	1.00	30,852	EP
Lenkford	1 G 25-23-36	120	.75	23,139	EP
Liberty Roy.	3 L 3-25-37	80	.50	15,426	EP

OPERATOR	WELL	NO.	ACRES	FACTOR	PIPE
LEASE	UNIT S.T.R.				LINE
SO. CALIF. CONT'D					
Martin B	1 F	31-24-37	160	1.00	* 10,075
Martin	2 A	"	160	1.00	30,852
Mosely	2 L	34-24-37	80	.50	15,426
STANOLIND OIL & GAS CO.					
Langley B	2 D	15-25-37	120	.75	23,139
Meyer P	1 D	7-24-37	160	1.00	30,852
" B	10 G	"	160	1.00	30,852
"	11 E	6-24-37	160	1.00	30,852
Woolworth	4 E	28-24-37	160	1.00	30,852
SUN OIL CO.					
Record Unit	1 A	22-22-36	160	1.00	30,852
TEXAS-PACIFIC COAL & OIL					
State A ac/1	1 P	22-23-36	160	1.00	30,852
"	13 H	14-23-36	160	1.00	30,852
"	16 A	11-23-36	160	1.00	30,852
"	19 E	22-23-36	160	1.00	30,852
"	20 C	13-23-36	160	1.00	30,852
"	21 H	13-23-36	160	1.00	30,852
"	22 N	"	160	1.00	30,852
"	24 N	24-23-36	160	1.00	30,852
"	25 F	"	160	1.00	30,852
"	26 G	23-23-36	160	1.00	30,852
"	28 F	14-23-36	160	1.00	30,852
"	29 C	11-23-36	160	1.00	30,852
"	30 I	3-23-36	160	1.00	30,852
"	31 H	15-23-36	160	1.00	30,852
"	32 J	24-23-36	160	1.00	30,852
"	33 F	15-23-36	160	1.00	30,852
"	34 K	11-23-36	160	1.00	30,852
"	35 L	3-23-36	160	1.00	30,852
"	36 M	11-22-36	160	1.00	30,852
"	37 F	10-23-36	160	1.00	30,852
"	38 M	"	160	1.00	30,852
State A ac/2	40 A	9-22-36	160	1.00	30,852

OPERATOR	WELL	NO.	PIPE			
LEASE	UNIT S.T.R.	ACRES	ALLOW.			
LANGMAT CONT'D						
TEXAS-PACIFIC CONT'D						
St. A ec/2	42 E	11-22-36	160	1.00	30,852	SU
" nc/3	1 A	10-23-36	160	1.00	30,852	EP
"	2 I	"	160	1.00	30,852	EP
TIDE WATER ASSOC.						
Christmas, A.L.	1 F	26-22-36	160	1.00	30,852	EP
King	1 M	1-23-36	160	1.00	30,852	EP
State T	1 I	2-24-36	160	1.00	30,852	EP
WESTATES PET. CORP.						
Wells B-4	1 D	4-25-37	80	.50	15,426	EP
" B-5	1 A	5-25-37	80	.50	15,426	EP
WESTERN NAT. GAS CO.						
Blinbry A	2 D	30-23-37	160	1.00	30,852	EP
"	7 G	"	160	1.00	30,852	EP
Combest	1 H	35-23-36	120	.75	23,139	EP
Cooper J.A.	2 F	12-24-36	80	.50	15,426	EP
Cowdon R.W.	1 P	30-23-37	80	.50	15,426	EP
Curry	1 P	1-24-36	160	1.00	30,852	EP
Duthie	1 J	18-23-37	160	1.00	30,852	EP
Helo	1 K	34-22-36	160	1.00	30,852	EP
Harrington	1 D	10-22-36	160	1.00	30,852	EP
Jones	1 A	34-22-36	160	1.00	30,852	EP
Lenkford	1 C	25-23-36	120	.75	23,139	EP
Metkins	1 P	15-23-36	160	1.00	30,852	EP
Owens	1 M	26-22-36	160	1.00	30,852	EP
State B	1 C	2-25-37	40	.25	7,713	EP
St. McDonald	1 L	14-22-36	160	1.00	30,852	EP
"	3 P	36-22-36	160	1.00	30,852	EP
"	4 M	"	160	1.00	30,852	EP
"	"	"	160	1.00	30,852	EP
"	5 D	"	160	1.00	30,852	EP
"	6 B	"	160	1.00	30,852	EP
"	7 A	35-22-36	160	1.00	30,852	EP
"	8 P	26-22-36	160	1.00	30,852	EP
"	9 G	"	160	1.00	30,852	EP
"	10 F	25-22-36	160	1.00	30,852	EP

OPERATOR	WELL	NO.	ACRES	FACTOR	LANGMAT CONT'D	JAN.	PIPE
LEASE	UNIT S.T.R.					ALLOW.	LINE
WESTERN NAT. GAS CONT'D							
St. McDonald	11 D	14-22-36	160	1.00		30,852	EP
"	12 M	24-22-36	160	1.00		30,852	EP
"	13 P	15-22-36	160	1.00		30,852	EP
"	14 G	"	160	1.00		30,852	EP
Record	1 P	10-22-36	160	1.00		30,852	EP
Stuart A	1 G	14-25-37	40	.25		7,713	EP
Toby A	1 A	13-24-36	160	1.00		30,852	EP
Wimberly	1 F	23-25-37	80	.50		15,426	EP
POOL TOTAL	175	25,120	157.00			4,655,877	
AMERLADA PET. CORP.							
Haro, J. G.	7 M	33-21-37	160	1.00		32,240	PB
CITIES SERVICE OIL CO.							
Owen	3 J	35-21-37	160	1.00		32,240	PB
Stato S	2 F	15-21-37	80	.50		16,120	EP
CONE, S. E.							
Anderson	1 I	21-21-37	40	.25		8,060	EP
CONTINENTAL OIL CO.							
Hawk B-9	7 F	9-21-37	160	1.00		32,240	Cont.
Lockhart A-27	1 D	27-21-37	160	1.00		32,240	EP
Wantz	3 J	21-21-37	120	.75		24,180	Cont.
GULF OIL CORP.							
Danglede	1 M	13-22-37	80	.50		10,385	PB
Paddock	3 P	1-22-37	160	1.00		32,240	Gulf
HUMBLE OIL & REG. CO.							
Penroso	2 H	13-22-37	160	1.00		32,240	EP
MAGNOLIA PET. CO.							
Brunson Argo	6 E	10-22-37	160	1.00		32,240	PB
Cerson E.O.	8 F	33-21-37	160	1.00		32,240	PB
Corrigan	7 F	"	120	.75		24,180	PB
Long	8 J	11-22-37	160	1.00		32,240	PB

(20)

TUBB

OPERATOR LEASE	WELL UNIT S.T.R.	NO. ACRES	FACTOR	TUBE CONT'D	JAN. ALLOW.	PIT LINE
MARKHAM, CONE & REDFERN	2 L	14-21-37	16C	1.00	32,240	EP
Eubanks						
OHIO OIL CO.	2 M	27-21-37	160	1.00	32,240	PB
Marshall B	1 J	15-21-37	160	1.00	32,240	PB
Werlick C						
SHELL OIL CO.	1 N	15-21-37	160	1.00	32,240	EP
Argo	1 D	22-21-37	160	1.00	32,240	EP
Argo A	1 M	23-21-37	160	1.00	32,240	EP
Sarkoys	1 G	15-21-37	80	.50	16,120	EP
State	2 L	22-21-37	160	1.00	32,240	EP
Turner	3 J	"	160	1.00	32,240	EP
TIDE WATER ASSOC. OIL CO.	4 F	26-21-37	160	1.00	32,240	EP
Sarkoys	2 C	15-21-37	80	.50	16,120	EP
State S						
PCCL TOTAL	25		3480	21.75	695,485	

SUMMARY

POOL	TOTAL NO. WELLS	TOTAL ACREAGE FACTOR	TOTAL ACREAGE FACTOR		TOTAL NOMINATIONS & ALLOC.	TOTAL ALLOCATION		ALLOC. 1.00 UNIT	ALLOC. .75 UNIT	ALLOC. .50 UNIT	ALLOC. .25 UNIT	TOTAL COMPUTED ALLOC.
			MARG.	NON- MARG.		MARG.	NON- MARG.					
AMANDA	1	.75		.75	31,000		31,000					31,000
ARROW	4	4.00		4.00	135,391		135,391	33,848				135,392
BLINERY	39	31.25		31.25	973,425		973,425	31,150	23,363	15,575	7,788	973,441
BYERS QUEEN	3	1.75		1.75	8,760		8,760	5,006	3,755	2,504	1,252	8,762
EUMONT	100	76.75		76.75	3,040,253		3,040,253	39,612	29,709	19,806	9,903	3,040,221
JALCO	104	80.50	13.75	66.75	2,629,478	198,400	2,431,078	36,421	27,316	18,211	9,105	2,629,513
JUSTIS	5	3.00	1.00	2.00	130,109	12,369	117,740	58,870	44,153	29,435	14,718	130,110
LANGMUT	175	157.00	10.50	146.50	4,655,871	136,059	4,519,812	30,852	23,139	15,426	7,713	4,655,877
TUBB	25	21.75	.50	21.25	695,476	10,385	685,091	32,240	24,180	16,120	8,060	695,485

PURCHASERS

E.P.- El Paso Natural Gas Co.  
 F.B.- Permian Basin Pipeline Co.  
 Phil.- Phillips Pet. Co.  
 W.P.- Warren Pet. Co.  
 S.U.- Southern Union Gas Co.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 521  
Order No. R-356

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION UPON ITS OWN MOTION FOR AN  
ORDER ESTABLISHING MEANS AND METHODS  
FOR THE PRORATION OF NATURAL GAS IN LEA,  
EDDY, CHAVES AND ROOSEVELT COUNTIES,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1953, April 16, 1953, May 19, 1953, June 16, 1953, July 16, 1953, and August 20, 1953, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 28th day of August, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received in the hearings, 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 the cause and the subject matter thereof.

(2) That for the prevention of waste and protection of correlative rights proper special Rules and Regulations relating to the proration of gas-well gas produced in the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, should be promulgated.

IT IS THEREFORE ORDERED:

SECTION A. That the following rules pertaining to gas well spacing in defined gas pools and acreage requirements for drilling tracts within the defined limits of gas pools in Eddy, Lea, Chaves and Roosevelt Counties, be and the same hereby are adopted effective immediately.

I. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. The Secretary of the Commission shall have authority to grant an exception to the requirements of Statewide Rule 104, Sections (a), (b), (c), and (d),



without notice and hearing where application has been filed in due form, and,

(a) When the necessity for the unorthodox location is based on topographical conditions, or is occasioned by the recompletion of a well previously drilled to another horizon, and

(b) When either one of the following is applicable:

1. When the ownership of all oil and gas leases within a radius of 1320 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location.

2. When all owners of oil and gas leases within such radius consent in writing to the proposed location.

(The above provisions of Rule 1 supersede Rule 104 (f).)

RULE 2. The provisions of Statewide Rule 104 Paragraph (k), shall not apply to gas pools located in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

SECTION B. That the following rules shall apply to defined gas pools in Eddy, Lea, Chaves and Roosevelt Counties only after hearings are held and an order issued on each individual pool. These rules shall be considered as "standby rules" and shall be used as a guide in establishing pool rules.

## II. GAS PRORATION.

RULE 3. At such time as the Commission determines that allocation of gas production from gas wells producing from any pool in this four-county area is necessary to prevent waste or to protect correlative rights, the Commission, after notice and hearing, shall consider the nominations of gas purchasers from such gas pool and other relevant data, and shall fix the allowable production of such pool, and shall allocate production among the gas wells in such pool upon a reasonable basis with due regard to correlative rights. Unless special pool rules are adopted as provided in Rule 4 below, the general provisions of this rule shall apply to each gas pool allocated under this rule.

RULE 4. After notice and hearing, the Commission, in order to protect correlative rights, or prevent waste, or both, may promulgate special rules, regulations or orders pertaining to any gas pool.

(The above provisions of Rules 3 and 4 supersede Statewide Rule 602)

## III. PRORATION UNITS.

RULE 5. For the purpose of gas allocation in the absence of special pool rules a standard proration unit shall consist of between 158 and 162 contiguous surface acres

substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or after the Commission has been furnished waivers from all offsetting operators, if all acreage is contiguous and does not contain more than four legal quarter-quarter sections and/or lots. Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

#### IV. GAS ALLOCATION.

RULE 6. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from each gas pool from which it purchases gas. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 7. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from each gas pool from which it purchases gas. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable.

**RULE 8.** The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units; provided that for this purpose standard units shall be as defined in Rule 5 above. More than one proration unit or fractional parts thereof may be assigned to a gas well and the allowables assigned said well may be increased proportionately, provided that:

- a. No more than 640 acres shall be assigned to any one well.
- b. All acreage in such units may reasonably be presumed to be productive of gas.
- c. The multiple unit so formed shall not have an overall length or width exceeding 5,280 feet.
- d. Where not more than two proration units are assigned to a well, the well shall not be located closer than 660 feet to the longest boundary of the pooled units nor less than 1320 feet from the shortest boundary of the pooled units. Where three or more units are pooled the well shall not be located closer than 1320 feet to the outer boundary of the pooled unit.
- e. Exceptions to the provisions of this rule may be granted by the Commission after notice and hearing or after the Commission has been furnished waivers by all offsetting operators.

(The above provisions of Rules 6, 7 and 8 supersede Statewide Rule 602)

#### V. BALANCING OF PRODUCTION.

**RULE 9.** Underproduction: The dates 7:00 A.M. January 1 and 7:00 A.M. July 1 shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

Case No. 521  
Order No. R-356

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said over production until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

(The above provisions of Rules 9 and 10 supersede Statewide Rule 604)

#### VI. GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

#### VII. REPORTING OF PRODUCTION.

RULE 13. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth 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 gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

#### VIII. DEFINITIONS.

RULE 14. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

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Case No. 521

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(The above Rule supersedes Statewide Definition A-24)

RULE 15. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S F A L

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 584  
ORDER NO. R-370

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR AN ORDER  
ESTABLISHING POOL RULES FOR THE  
EUMONT GAS POOL, LEA COUNTY, NEW  
MEXICO, SAID RULES BEING  
CONCERNED WITH WELL SPACING, GAS  
PRORATION AND ALLOCATION, PRO-  
RATION UNITS, POOL DELINEATION  
AND OTHER RELATED MATTERS INSOFAR  
AS THEY PERTAIN TO THE GENERAL  
RULES FOR GAS PRORATION AS SET  
FORTH IN ORDER NO. R-356 IN  
CASE NO. 521.

RESPONSE OF ME-TEX SUPPLY COMPANY,  
A NEW MEXICO CORPORATION, BOX 2077,  
HOBBS, NEW MEXICO.

COMES NOW Me-Tex Supply Company, a New Mexico corporation  
of Hobbs, Lea County, New Mexico, and files this its response  
to the Order to Show Cause entered by the Oil Conservation  
Commission of the State of New Mexico in Case No. 584, being  
Order No. R-370, and for cause would respectfully show and  
represent to the Commission:

1. That Me-Tex Supply Company is the owner of an oil  
and gas lease covering Lots 5, 6, 11, 12, 13 and 14, in Section 3  
Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico  
located within the pool delineation designated as the Eumont Gas  
Pool and has on said land two gas wells designated as the  
Me-Tex-Wallace State No. 2 located on Lot 12 and Me-Tex-Wallace  
State No. 3 located on Lot 14, and by reason of its ownership  
within the area designated as Eumont Gas Pool it is an  
interested party and subject to Order No. R-370 of this  
Commission.

2. That the Commission is without power to put into  
effect the rules and regulations contained in Order R-356 in

the Eumont Gas Pool for the following reasons:

(A) That under the laws of the State of New Mexico before the Commission is authorized to make rules and regulations providing for the proration of gas in a gas pool, the Commission must fix the allowable for such pool and no allowable has been fixed for the Eumont Gas Pool by the Commission.

(B) That prior to the fixing of an allowable in a gas pool and the entry of orders providing for the proration of gas and the spacing of wells, the Commission is required to obtain from the gas purchasers in said pool their nomination for gas from said pool which has not been done and the Commission is, therefore, without jurisdiction to make the proposed rules and regulations effective in the Eumont Gas Pool.

3. That under the laws of the State of New Mexico the Commission is without power and jurisdiction to put into effect the proposed rules and regulations insofar as said rules and regulations permit the production of more than one allowable from a producing gas well in the pool. That the laws of the State of New Mexico authorize the Oil Conservation Commission to establish proration units in a prorated gas field and to allocate the production of gas to such unit, but do not permit the consolidation of units so that more than one allowable can be produced from one well.

4. That prior to the enactment of Chapter 168 of the Laws of 1949 Me-Tex Supply Company had drilled and was producing gas from two wells located in the area now designated as Eumont Gas Pool. That Me-Tex Supply Company is the owner of one 240 acre lease in said pool, as hereinabove described, upon which said wells are located. That at the time said wells were drilled they were drilled in accordance with the then rules and regulations of this Commission relative to the drilling and completing of gas wells. That said wells are legal wells as such term is defined in the statutes of New Mexico. That the rules and regulations proposed to be entered by the Commission

insofar as they prohibit or deny to Me-Tex Supply Company the right to produce a full allowable from each of such gas wells drilled before the enactment of said gas proration law and before the adoption of the rules and regulations of the Commission, are unjust, unlawful and discriminatory and violate the constitutional rights of the said Me-Tex Supply Company in that they deprive Me-Tex Supply Company of valuable property rights without due process of law and without compensating Me-Tex Supply Company therefor.

WHEREFORE, Me-Tex Supply Company prays:

1. That the proceedings be dismissed or continued until such time as the allowable production of gas in the Eumont Gas Pool has been established by the Commission after notice of hearing in accordance with the provisions of the laws of New Mexico relating thereto.

2. That the rules and regulations proposed to be adopted by the Commission be amended and changed so as to provide that no more than one allowable may be permitted to be produced from one gas well in the pool, such gas well to be located upon a determined and established proration unit.

3. That the proposed rules and regulations be amended so as to permit the production of a full allowable of gas from any well legally drilled and producing in the pool prior to the enactment of Chapter 168 of the Laws of 1949 and prior to the adoption of spacing and proration regulations in said pool even though such well may be producing from a unit of less than 160 acres. "

ME-TEX SUPPLY COMPANY

BY

  
Its Attorney



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 584  
Order No. R-370-A

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION FOR ALL  
OPERATORS AND INTERESTED PARTIES IN THE  
EUMONT GAS POOL TO SHOW CAUSE WHY THE  
RULES AND REGULATIONS AS SET OUT IN ORDER  
R-356, WITH ANY ESSENTIAL AMENDMENTS,  
SHOULD NOT BE PUT INTO EFFECT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 28, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 10th. day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced, the exhibits received, the statements of interested parties, the official records of this Commission and other pertinent data, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given, the Commission has jurisdiction of this cause.
- (2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.
- (3) That thereafter, after due notice and hearing, Order R-370 was duly entered by the Commission. Order R-370 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Eumont Gas Pool, heretofore established. R-370 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.
- (4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Eumont Gas Pool, heretofore established, described and classified as a gas pool.

-2- Case No. 584 - Order No. R-370-A

That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Eumont Pool, and should conform, generally with the provisional special rules of Order R-370.

(5) That in order for the Commission to evaluate and delineate the actual productive limits of the Eumont Gas Pool all operators of oil and gas wells within the defined limits of the Jalco Gas Pool should supply certain Geological and Reservoir data to the Commission.

(6) That pending further study and orders, the allocation of gas in the Eumont gas pool should be calculated on the basis of 100 per cent acreage, based upon the standard 160 acre proration unit, which unit is limited to a regular quarter section subdivision of the U. S. Public Land Surveys and consisting of not less than 158 nor more than 162 acres, substantially in the form of a square, with provision for deviation therefrom particularly in cases of wells heretofore completed where the impracticability of unitization is apparent.

(7) That an adequate gas well testing procedure should be adopted as soon as possible so that operators, purchasers and the Commission can determine the fairness and feasibility of an allocation factor for the pool which employs the factors of deliverability, pressure, or any other factor relating to gas well productivity.

IT IS THEREFORE ORDERED:

That Special Pool Rules applicable to the Eumont Gas Pool, be and the same hereby are promulgated and are as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE EUMONT GAS POOL  
LEA COUNTY, NEW MEXICO

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. Any well drilled a distance of one mile or more from the outer boundary of the Eumont Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of the Eumont Gas Pool shall be spaced, drilled, operated and prorated in accordance with the Regulations in effect in the Eumont Gas Pool.

RULE 2. Each well drilled or recompleted within the Eumont Gas Pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys.

RULE 3. Each well drilled within the Eumont Gas Pool shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to a quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 5. The provision of Statewide Rule 104 Paragraph (k), shall not apply to the Eumont Gas Pool located in Lea County, New Mexico.

#### GAS PRORATION

RULE 6. The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont Gas Pool and other relevant data and shall fix the allowable production of the Eumont Gas Pool, and shall allocate production among the gas wells in the Eumont Gas Pool upon a reasonable basis with due regard to correlative rights.

#### PRORATION UNITS

RULE 7. (a) For the purpose of gas allocation in the Eumont Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or as outlined in Paragraph (b). Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

2. The acreage assigned to the non-standard unit lies wholly within a legal quarter section and contains a well capable of producing gas into a gas transportation facility on the date of this order.

3. The operator receives written consent in the form of waivers from all operators in the adjoining 160 acre proration units.

#### GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Eumont Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 9. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from the Eumont Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

#### BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward

to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

#### GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

#### REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth 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 gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 15. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

PROVIDED FURTHER that those wells located within the defined limits of the Eumont Gas Pool which produce oil and receive an oil allowable on the oil proration schedule shall be prorated as oil wells pending further study and that "preliminary" and "supplemental" nominations, as outlined in Rules 8 and 9 above, shall pertain only to gas wells which are not assigned an oil allowable.

PROVIDED FURTHER that all operators of a gas well shall submit to the Hobbs office of this Commission (Box 2045) on or before January 1, 1954 a copy of either an electric log or sample log of each well (if available) that operate within the defined limits of the Eumont Gas Pool. Attached to each log shall be a detailed report showing well elevation, total depth, plug back depth, depth of production string, interval of perforations and open hole and estimation of formation tops of Yates, Seven Rivers and Queen as indicated by the log. Any operator of any well hereafter completed or recompleted within the defined limits of the Eumont Gas Pool shall also submit to the Hobbs office of the Commission, the logs and information detailed above, within 30 days following such completion or recompletion.

In the event that the Commission deems it advisable to obtain additional information from wells producing outside the defined limits of the Eumont Gas Pool the Secretary of the Commission is hereby authorized to issue a directive to operators in order to obtain the desired information.

PROVIDED FURTHER that as soon as possible a testing procedure for all gas wells shall be adopted by the Commission. Said procedure shall contain adequate tests in order to determine the feasibility of employing any well potential, deliverability or pressure factors in allocating gas.

PROVIDED FURTHER that those operators who desire approval of the Commission of gas-oil dual completions under the provisions of Statewide Rule 112-A should also comply with the provisions of Rules 2, 3 and 4 of this order before approval will be granted.

PROVIDED FURTHER that in order to inaugurate gas prorationing and allocation in the Eumont Gas Pool on January 1, 1954 the Commission shall consider the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each purchaser of gas from the Eumont Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased commencing January 1, 1954. In this instance the list of wells shall pertain solely to those wells which are gas wells and are not on the oil proration schedule.

PROVIDED FURTHER that in the event an operator has a producing well on acreage which does not conform to the provisions of Rule 2 or Rule 7 and an exception to Rule 7 is to be requested of this Commission, the necessary information requested under Rule 12 should be complied with pending Commission action. In this instance the Proration Manager is directed to assign to the well only that acreage attributable to the well lying within the quarter section upon which the well is located. In the event the unorthodox unit is approved after notice and hearing and an increase in total acreage is permitted then the total allowable assigned the well shall be adjusted and made retroactive to the 1st day of the proration period or the 1st day the well produced into a gas transportation facility if the well was not productive prior to January 1, 1954.

PROVIDED FURTHER that copies of Form C-115, Monthly Production Report, submitted in compliance with Rule 14 shall be distributed by the operator as follows: Original to Oil Conservation Commission, Box 871, Santa Fe; two copies to Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-370, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	
DAY LETTER	
NIGHT LETTER	

# WESTERN UNION

1206 10-51

W. F. MARSHALL, PRESIDENT

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHIP RADIOGRAM	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			Oil Conservation Commission	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

C  
O  
P  
Y

Santa Fe, New Mexico  
December 7, 1953

MR. MELVIN NEAL  
NEAL AND GIRAND  
ATTORNEY AT LAW  
HOBBS, NEW MEXICO

MOTION FOR REHEARING CASE 584 HAS BEEN GRANTED BY THE COMMISSION.  
EFFECTIVE THIS DATE AN ORDER HAS BEEN ISSUED SETTING THE REHEARING  
FOR JANUARY 21 MABRY HALL.

R. R. SPURRIER  
OIL CONSERVATION COMMISSION



BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

TRANSCRIPT OF PROCEEDINGS

Case No. 584 Rehearing

January 22, 1954

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

January 22, 1954

IN THE MATTER OF:

Notice is hereby given by the State of New Mexico, through its Oil Conservation Commission, that Me-Tex Supply Company, upon proper petition, has requested a rehearing in Case 584; that in said petition, petitioner asks that Order No. R-370-A entered in said case on November 10, 1953, be vacated and that the rules and regulations issued thereunder for the Eumond Gas Pool, Lea County, New Mexico, not be made effective until such time as the allowable production of gas has been established by the Commission after notice and hearing; that the Commission, by its Order R-370-B, has granted said rehearing and set it for 9 a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico, at which time and place petitioner and other interested parties will be heard.

Case No.  
584  
Rehearing

BEFORE:

Honorable E. L. Mechem  
Honorable E. S. Walker  
Honorable R. R. Spurrier

Morning Session, January 22, 1954, held at City Hall.

TRANSCRIPT OF PROCEEDINGS

MR. SPURRIER: The meeting will come to order, please. I might warn you now that 12 o'clock sharp this hearing will be over for this month, if necessary we will continue it but Mr. Walker has a previous engagement that he has to meet at 12 o'clock.

MR. GIRAND: If the Commission please, my name is W. D. Girand, and I am with Me-Tex Supply Company. We have the Case on motion for rehearing in Case Number 584 which admittedly

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

follows the present case. At this time we would like to move for a continuance of this Case until the February or March hearing whichever meets the convenience of the Commission. It is apparent that we would not be able to complete our Case within the time allotted by the Commission today.

MR. SPURRIER: Is there objections to counsel's motion?


MR. SMITH: If it please the Commission.

MR. SPURRIER: Just a minute, Mr. Smith, let us continue the Case 584 to the February hearing.

REPORTER'S CERTIFICATE

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in Case No. 584, taken before the Oil Conservation Commission on Friday, January 22, 1954, contains a true and correct record of said proceedings to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 28th day of January, 1953.

  
Reporter

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

C. MELVIN NEAL  
W. D. GIRAND, JR.

KERMIT E. NASH  
W. D. GIRAND, SR.  
J. W. NEAL

NEAL & GIRAND  
LAWYERS  
NEAL BUILDING  
HOBBS, NEW MEXICO

TELEPHONE  
3-5171 3-5172  
P. O. BOX 1326

November 21, 1953

NOV 23 1953

Mr. R. R. Spurrier,  
Oil Conservation Commission,  
Santa Fe, New Mexico.

( P E R S O N A L )

Dear Dick:

In accordance with our discussion in Santa Fe of this week in regard to the Commission's Order R370-A covering the gas proration rules and regulations for the Eumont Pool, the Order as published provides in Finding No. 6 and in the last clause thereof wherein you make your allocation of allowable on 100% acreage that the Commission will consider existing wells as stated: "With provision for deviation therefrom particularly in cases of wells heretofore completed where the impracticability of unitization is apparent." However, the Commission after making the finding failed to make any provision to apply to existing designated gas wells.

I checked the last production report available and find that there are approximately fifty-five wells designated as gas wells within the Eumont Pool. It is my thought that the existing wells so designated as gas wells should be treated in the same manner as your provision for marginal wells or an additional rule should be added to your Order providing that all existing designated gas wells as of a certain date should receive a full allowable irrespective of the well location or the acreage designated thereto.

My thought in making this suggestion is that the wells when drilled were legal wells and the rights of the parties in and to the wells are vested and fixed and the Order as adopted by the Commission will surely discriminate as against the owners and operators of these wells.

We have made some research in regard to this matter and we find that most states adopting proration regulations have taken into consideration the existing wells and have not

Mr. Dick Spurrier,  
Page -2-  
November 21, 1953.

discriminated against the wells because they failed to meet and comply strictly with the proration rules as to acreage or location. We feel that if the Commission sees fit to make a general Order applying to all of the gas pools designated in the Lea and Eddy Counties fields that such an Order would be acceptable to all operators and would be equitable and fair.

With best personal regards, I remain

Very truly yours,

  
W. D. GIRAND, JR.

G/lb  
VIA AIR MAIL

C. MELVIN NEAL  
W. D. GIRAND, JR.

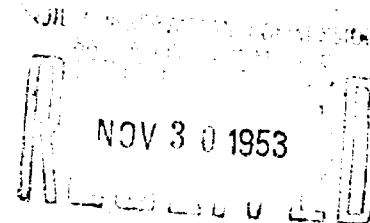
KERMIT F. NASH  
W. D. GIRAND, SR.  
J. W. NEAL

NEAL & GIRAND  
LAWYERS  
NEAL BUILDING  
HOBBS, NEW MEXICO

TELEPHONES  
3-5171 3-5172  
P. O. BOX 1326

AIR MAIL

November 25, 1953



Oil Conservation Commission,  
State of New Mexico,  
Santa Fe, New Mexico.

In re: In the Matter of the Hearing Called by  
the Oil Conservation Commission of the  
State of New Mexico in Case No. 584

Gentlemen:

We are enclosing herewith Motion for Rehearing  
of Me-Tex Supply Company in Case No. 584 for filing.

Very truly yours,

NEAL & GIRAND,

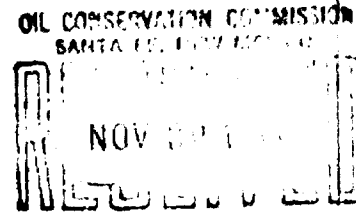
BY:

A handwritten signature in dark ink, appearing to be "C. Melvin Neal", written over the "BY:" line.

N/cl  
Encls.

cc: Mr. Fletcher Catron,  
Attorney at Law,  
Santa Fe, New Mexico.  
(with enclosure)

A large, dark, handwritten signature or scribble that spans across the bottom of the page, partially overlapping the "cc:" line and extending towards the right margin.



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 584

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR AN ORDER ESTABLISHING  
POOL RULES FOR THE EUMONT GAS POOL,  
LEA COUNTY, NEW MEXICO, SAID RULES  
BEING CONCERNED WITH WELL SPACING,  
GAS PRORATION AND ALLOCATION,  
PRORATION UNITS, POOL DELINEATION  
AND OTHER RELATED MATTERS INSOFAR  
AS THEY PERTAIN TO THE GENERAL RULES  
FOR GAS PRORATION AS SET FORTH IN  
ORDER NO. R-356 IN CASE 521.

MOTION FOR REHEARING

COMES NOW the Me-Tex Supply Company and moves the  
Commission for a rehearing in the above styled and numbered  
cause and for grounds shows:

1. That heretofore on November 10, 1953, the Commission  
issued its Order No. R-370-A in the above styled and numbered  
cause establishing certain rules and regulations for the  
Eumont Gas Pool in Lea County, New Mexico. That the applicant,  
Me-Tex Supply Company, is an interested party in the above  
styled and numbered cause and is adversely affected by the  
order issued in said cause establishing rules and regulations  
for the Eumont Gas Pool and is affected by said order by  
reason of the fact that it is the owner of an oil and gas lease  
covering Lots 5, 6, 11, 12, 13 and 14 in Section 3, Township 21  
South, Range 36 East, N.M.P.M., Lea County, New Mexico, located  
within the area of said pool and is the owner of two producing  
gas wells located on said tract, which said wells are designated  
as Me-Tex Wallace State No. 2 located on Lot 12 and the Me-Tex  
Wallace State No. 3 located on Lot 14.

2. That the order of the Commission entered in the  
above styled and numbered cause and designated as No. R-370-A

is erroneous and issued in error and is in excess of the jurisdiction of the Commission to enter by reason of the fact that:

A. Under the laws of the State of New Mexico before the Commission is authorized to make rules and regulations providing for the establishment of proration rules in a gas pool, the Commission is required to fix the allowable for such pool and no allowable has been fixed for said pool.

B. That under the laws of the State of New Mexico before an allowable can be fixed in a gas pool and an order entered by the Commission providing for the proration and spacing of gas wells, the Commission is required to obtain from gas purchasers in said pool their nominations for gas from said pool in order for the Commission to determine that the gas produced in the pool exceeds the reasonable market therefor and no such nominations have been obtained.

C. That under the laws of the State of New Mexico the Conservation Commission cannot put into effect rules and regulations providing for the proration of gas in a pool until such time as the Commission has determined, upon hearing therefor, that waste is being committed in the pool in question. That the determination that waste is being committed in a pool can only be made by the Commission upon legal evidence showing such condition. That the order of the Commission entered in this cause fails to find that waste is being committed in the Eumont Gas Pool and evidence upon which the Commission acted in this cause is not sufficient to sustain a finding by the Commission that waste is occurring in the Eumont Gas Pool by reason of which the Commission was without jurisdiction to enter the order that has been entered.

3. That the order No. R-370-A is improvidently issued and is illegal and is beyond the power and jurisdiction of the Commission to promulgate insofar as said order establishes



rules and regulations which permit the production of more than one allowable from a gas well producing in said pool and the Commission was without power and authority to allocate the production of gas to permit consolidation of proration units so as to permit the production of more than one allowable from the proration unit, which practice is permitted by said order.

4. That the order of the Commission No. R-370-A was arbitrary and unreasonable and the rules and regulations promulgated by such order are illegal, unreasonable and arbitrary in their application to applicant's land in the following particulars:

A. That under the terms and provisions of Rule 2 promulgated by said order a gas proration unit is made to consist of 160 surface acres substantially in the form of a square which is required to be a quarter section of the United States Public Land Surveys.

B. That there is no valid reason for requiring a well to be located upon a quarter section subdivision of the United States Public Land Surveys and in the case of the applicant such rule and regulation would prohibit the applicant from producing more than one allowable from the two gas wells which applicant has upon the lands hereinabove described by reason of the fact that said wells are both located in the same quarter section subdivision. To prohibit the applicant from allocating its acreage except within the limits of a quarter section subdivision to said wells would deprive applicant of its property rights without due process of law and without compensation therefor and is an arbitrary, illegal and unreasonable regulation.

C. That the section of land within which the wells of applicant are located is on a correction line and contains 960 acres of land. It contains no quarter section subdivisions and the rules and regulations promulgated by the Commission insofar as they provide that a gas proration unit shall be

required to be within the limits of a quarter section subdivision is unjust, unreasonable, arbitrary and illegal and deprives applicant of its property rights without due process of law and without compensation therefor. In the alternative in the event the Commission should rule that such a section of land as that herein described contains legal quarter section subdivisions, then such quarter section subdivisions comprise 240 acres of land and the allowable of a gas well on such a legal subdivision should be one and one-half times the allowable of a well located upon a 160 acre subdivision.

5. That Rule 5 promulgated by the Commission attempts to make the proration rules and regulations established by the Commission in Order No. R-370-A applicable to wells which were drilled in the field prior to the adoption of said order. That prior to the enactment of Chapter 168 of the Laws of 1949 and prior to November 10, 1953, Me-Tex Supply Company had drilled and was producing gas from two wells located on the lands hereinabove described. That at the time said wells were drilled they were drilled in accordance with the rules and regulations of this Commission relative to the drilling and completion of such wells and said wells were and are legal wells as such terms are defined in the Statutes of New Mexico. That Order No. R-370-A insofar as it attempts to establish rules and regulations which would prohibit applicant from producing said wells or which would prohibit applicant from producing the full allowable from each of said wells is unjust, unlawful and discriminatory and violates the constitutional rights of the applicant in that it deprives applicant of a valuable property right without due process of law and without compensating them therefor and exceeds the jurisdiction and power of the Commission.

6. That the order entered by the Commission, R-370-A, is unjust, unreasonable, arbitrary and illegal in that it fails

to provide for the establishment of proration units in sections which do not have quarter section subdivisions such as the section in which applicant's lands are located.

WHEREFORE, applicant prays that:

A. The Commission grant a rehearing and upon such rehearing such order be vacated and that the rules and regulations not be made effective until such time as the allowable production of gas in the Eumont Gas Pool has been established by the Commission after notice and hearing;

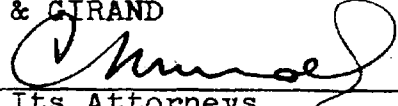
B. That upon the adoption of rules and regulations by the Commission the rules and regulations be amended so as to prohibit the production of more than one allowable from a gas well from a proration unit in the pool;

C. That such rules and regulations permit the production of a full allowable of gas from all wells legally drilled and producing in the pool prior to the enactment of Chapter 168, Laws of 1949 and prior to the adoption of spacing and proration regulations in said pool; and that that portion of said order which provides that a proration unit must be within the boundaries of a legal quarter section subdivision be abrogated or, in the alternative, that a rule be adopted which permits the production by applicant and others so similarly situated of an allowable of one and one-half times the allowable permitted for wells located in a 160 acre subdivision.

Respectfully submitted,

ME-TEX SUPPLY COMPANY  
BY: NEAL & GIRAND

BY

  
Its Attorneys

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR THE  
PURPOSE OF CONSIDERING:

CASE NO. 587

ORDER NO. R-370-3

THE APPLICATION OF THE OIL CONSERVA-  
TION COMMISSION ON ITS OWN MOTION FOR  
AN ORDER ESTABLISHING POOL RULES FOR THE  
EUBANK GAS POOL, LEA COUNTY, NEW MEXICO,  
SAID RULES BEING CONCERNED WITH WELL  
SPACING, GAS PRORATION AND ALLOCATION,  
PRORATION UNITS, POOL DELINEATION AND  
OTHER RELATED MATTERS INsofar AS THEY PER-  
TAIN TO THE GENERAL RULES FOR GAS PRORATION  
AS SET FORTH IN ORDER NO. R-256 IN CASE 521.

ORDER OF THE COMMISSION FOR RE-HEARING

BY THE COMMISSION:

This cause came on for consideration upon motion and application  
of Me-Tex Supply Company for a re-hearing on Order No. R-370-A, entered  
November 10, 1953, insofar as the said order affects movant-applicant.

NOW, on this 7<sup>th</sup> day of December, 1953, the Commission, a  
quorum being present, having fully considered said motion and application,

IT IS HEREBY ORDERED:

That the above-entitled matter be reopened and a re-hearing had  
upon the allegations of said motion-petition at 9 o'clock a.m. on January 21,  
1954, at Santa Fe, New Mexico, or at such other time as the Commission may  
designate after due notice, at which time and place all interested parties  
may appear.

IT IS FURTHER ORDERED: That Order No. R-370-A shall be and remain  
in full force and effect until further order of the Commission.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Mechem*  
Edwin L. Mechem, Chairman

*E. S. Walker*  
E. S. Walker, Member

*R. R. Spurrier*  
R. R. Spurrier, Member and Secretary

S E A L

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION  
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following special hearings to be held at 9 o'clock a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

Texas Pacific Coal & Oil Company,  
He-Tex Supply Company, and any persons  
having any right, title, interest or  
claim in the following cases, and no-  
tice to the public.

CASE 582 (Rehearing):

Notice is hereby given by the State of New Mexico, through its Oil Conservation Commission, that Texas Pacific Coal & Oil Company, upon proper petition, has requested a rehearing in Case 582 (relating to rules and regulations for the Jalco Gas Pool, Lea County, New Mexico); that in said petition, petitioner asks rescission of Orders R-368 and R-368-A entered in Case 582 under dates of September 28, 1953, and November 10, 1953, respectively; that the Commission, by its Order No. R-368-B, has granted said rehearing and set it for 9 a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico, at which time petitioner and other interested parties will be heard.

CASE 584 (Rehearing):

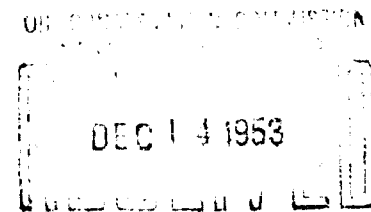
Notice is hereby given by the State of New Mexico, through its Oil Conservation Commission, that He-Tex Supply Company, upon proper petition, has requested a rehearing in Case 584; that in said petition, petitioner asks that Order No. R-370-A entered in said case on November 10, 1953, be vacated and that the rules and regulations issued thereunder for the Summit Gas Pool, Lea County, New Mexico, not be made effective until such time as the allowable production of gas has been established by the Commission after notice and hearing; that the Commission, by its Order R-370-B, has granted said rehearing and set it for 9 a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico, at which time and place petitioner and other interested parties will be heard.

GIVEN under the seal of the Oil Conservation Commission at Santa Fe, New Mexico, this 30th day of December, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

R. E. Spurrer, Secretary

S E A L



BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO.

APPLICATION OF ME-TEX SUPPLY COMPANY FOR EXCEPTION  
TO RULE 7 OF ORDER R-370-A WITHOUT PREJUDICE TO  
MOTION FOR REHEARING FILED IN CASE NO. 584.

COMES NOW Me-Tex Supply Company and files this its application for exception to Rule 7 of Order R-370-A without prejudice to its motion for rehearing filed in Case No. 584 and for cause would show:

1. Applicant is the owner of an oil and gas lease issued by the State of New Mexico covering Lots 4, 5, 11 and 12 in Section 3, Township 21 South, Range 36 East, N.M.P.M., containing 160 acres more or less, together with other lands not necessary to this application upon which it has one producing gas well being designated as Me-Tex Wallace State No. 2, located on Lot 12 in Section 3, Township 21 South, Range 36 East, and desires to allocate to said well the 160 acre tract described as Lots 4, 5, 11 and 12 in Section 3, Township 21 South, Range 36 East, containing 160 acres more or less.

2. That said Me-Tex Wallace State No. 2 is located 660 feet from the West line and 1980 feet from the North line of the South Half of said section.

3. That said well is a dually completed well, but at the present time is capable of producing gas only. That Section 3 is one of the correction sections along the township line that does not contain a regular quarter section subdivision in the North Half, the section being a 960 acre section containing 640 acres in the North Half of the section, and it is impossible to have a regular quarter section subdivision in the North Half of said section.

4. That approval of the unorthodox allocation of acreage to the well known as Me-Tex State No. 2 by this Commission must be obtained in order for applicant to be able to legally produce any gas from said well under the terms and provisions of Order R-370-A.

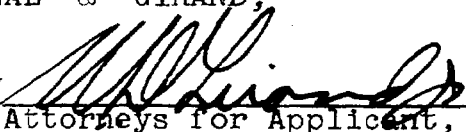
5. That an emergency exists in order to properly protect the correlative rights of the applicant and prevent the shutting in of said well during the pendency of the motion for rehearing in order to protect the applicant from irreparable loss and injury to its property.

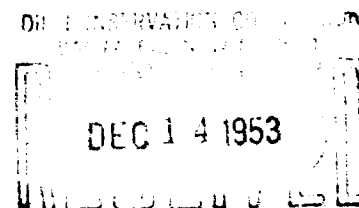
WHEREFORE, applicant prays that the Commission enter its order without notice temporarily placing said well on the proration schedule of the Oil Conservation Commission and allocating to said well the acreage assigned by applicant until final determination on the motion for rehearing now pending before the Commission without prejudice to either the applicant or the Oil Conservation Commission in the premises.

Respectfully submitted,

NEAL & GIRAND,

BY

  
Attorneys for Applicant,  
Me-Tex Supply Company.  
(Hobbs, New Mexico).



BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO.

APPLICATION OF ME-TEX SUPPLY COMPANY FOR EXCEPTION  
TO RULE 7 OF ORDER R-370-A WITHOUT PREJUDICE TO  
MOTION FOR REHEARING FILED IN CASE 584.

COMES NOW Me-Tex Supply Company and files this its application for exception to Rule 7 of Order R-370-A without prejudice to its motion for rehearing filed in Case No. 584 and for cause would show:

1. Applicant is the owner of an oil and gas lease issued by the State of New Mexico covering Lots 13 and 14 in Section 3, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, containing 80 acres of land more or less, together with other lands not necessary to this application, upon which it has one producing gas well being designated as Me-Tex Wallace State No. 3 located on Lot 14 in Section 3, Township 21 South, Range 36 East and desires to allocate to said well the 80 acre tract described as Lots 13 and 14 in Section 3, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, containing 80 acres more or less.

2. That said Me-Tex Wallace State No. 3 is located 1980 feet East of the West line and 3300 feet North of the South line of said Section 3, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

3. That said well was completed as a gas well and is located in Section 3 which is one of the correction sections along the township line that does not contain a regular quarter section subdivision in the North Half, the section being a 960 acre section containing 640 acres in the North Half of the section and it is impossible to have a regular quarter section subdivision in the North Half of said section.



4. That approval of the unorthodox allocation of acreage to the well known as Me-Tex Wallace State No. 3 by this Commission must be obtained in order for applicant to be able to legally produce any gas from said well under the terms and provisions of Order R-370-A.

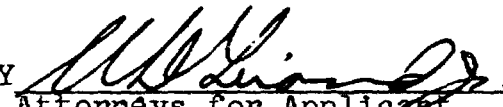
5. That an emergency exists in order to properly protect the correlative rights of the applicant and prevent the shutting in of said well during the pendency of the motion for rehearing in order to protect the applicant from irreparable loss and injury to its property.

WHEREFORE, applicant prays that the Commission enter its order without notice temporarily placing said well on the proration schedule of the Oil Conservation Commission and allocating to said well the acreage assigned by applicant until final determination on the motion for rehearing now pending before the Commission without prejudice to either the applicant or the Oil Conservation Commission in the premises.

Respectfully submitted,

NEAL & GIRAND,

BY

  
Attorneys for Applicant,  
Me-Tex Supply Company,  
(Hobbs, New Mexico).

C. MELVIN NEAL  
W. D. GIRAND, JR.  

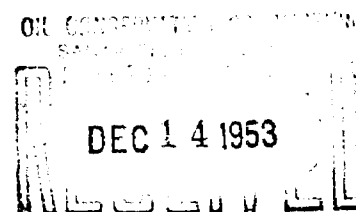
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KERRY E. NASH  
W. D. GIRAND, SR.  
J. W. NEAL

NEAL & GIRAND  
LAWYERS  
NEAL BUILDING  
HOBBS, NEW MEXICO

TELEPHONES  
3-5171 3-5172  
P. O. BOX 1526

December 14<sup>th</sup>, 1953



Oil Conservation Commission,  
Santa Fe, New Mexico.

Attention: Mr. R. R. Spurrier.

Gentlemen:

We enclose herewith in quadruplicate Form C-104 and Form C-110, Revised July 1, 1952, covering the Me-Tex-Wallace Wells 2 and 3 located in Lots 12 and 14, respectively, in Section 3, Township 21 South, Range 36 East.

It is expressly understood that the filing of these forms is subject to the final determination of the Motion for Rehearing filed by the Me-Tex Supply Company in Case No. 584 and without prejudice thereto, and said filing is made for the sole purpose of obtaining authorization to produce and sell gas during the interim of the pendency of the Motion for Rehearing.

Very truly yours,

NEAL & GIRAND,

BY: A handwritten signature in dark ink, appearing to be "W. D. Girand, Jr.", written over the printed name "NEAL & GIRAND".

G/l's  
Encls.

cc: Me-Tex Supply Company, Box 2077,  
Hobbs, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO.

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS  
OWN MOTION FOR AN ORDER  
ESTABLISHING POOL RULES FOR THE  
EUMONT GAS POOL, LEA COUNTY,  
NEW MEXICO, SAID RULES BEING  
CONCERNED WITH WELL SPACING,  
GAS PRORATION AND ALLOCATION,  
PRORATION UNITS, POOL DELINEATION  
AND OTHER RELATED MATTERS INSOFAR  
AS THEY PERTAIN TO THE GENERAL  
RULES FOR GAS PRORATION AS SET  
FORTH IN ORDER NO. R-356 IN CASE  
521

CASE NO. 584

APPLICATION TO FILE APPLICATIONS FOR EXCEPTIONS  
TO RULE 7 WITHOUT PREJUDICE

COMES NOW Me-Tex Supply Company and files this its  
application for authority to file application for exceptions  
to Rule 7 of Order R-370-R for the purpose of allocating a  
non-standard unit without prejudice to applicant's pending  
Motion for Rehearing heretofore filed on November 30, 1953,  
and for cause would show:

1. That applicant received notification on December  
2, 1953 that its Motion for Rehearing would be scheduled for  
the regular meeting to be held on January 20, 1954; that  
thereafter applicant discussed the necessity for a hearing on  
its Motion for Rehearing with the Secretary of the Commission  
and requested hearing on the 18th day of December, 1953; that  
thereafter on the 8th day of December, 1953 applicant received  
a telegram from the Secretary of the Commission advising that  
the Motion for Rehearing had been set for January 21, 1953, and

applicant has been advised by telephone that it is the opinion of the Commission that the granting of the Motion for Rehearing does not suspend Order No. 370-A

2. That if Order No. 370-A is not suspended until after a decision is handed down on applicant's Motion for Rehearing applicant will suffer in that applicant's wells located within the Eumont Pool will not be included upon the proration schedule issued by the Commission commencing with the first runs on January 1, 1954, and applicant will suffer irreparable injury and loss in being required to shut in its wells until final determination of its Motion for Rehearing.

3. That the condition of the record in Case No. 584 upon which Order 370-A was entered is such as to show that at the time of the hearing in Case No. 584 there was no evidence of waste existing within the area delineated as the Eumont Pool, and the granting of this application would not affect the correlative rights of the other producers in the area known and designated as the Eumont Pool as the record is silent of any existing waste.

4. In this connection applicant would show to the Commission that it is a producer of natural gas from two designated gas wells, being the Me-Tex Wallace Well No. 2 located in Lot 12 and the Me-Tex Wallace Well No. 3 located in Lot 14, both in Section 3, Township 21 South, Range 36 East; section 3 being a correction section along the township line and containing 960 acres more or less; there being no regular quarter section sub-divisions in the N $\frac{1}{2}$  of Section 3, applicant is deprived the right of obtaining any allowable for either well without a hearing under the provisions of Rule R-370-A for the reason that both wells of the applicant are located in a non-regular quarter section as defined by the Commission in Order No. R-370-A.


WHEREFORE, applicant prays that it be allowed to file Forms C-104 and C-110 without prejudice to its Motion for

Rehearing pending before the Commission.

Respectfully submitted,

NEAL & GIRARD

BY

  
Attorneys for Applicant,  
Me-Tex Supply Company.  
(Hobbs, New Mexico).

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 4, 1953

C  
O  
P  
Y

**MEMO:** To Governor E. L. Mechem, Commissioner Walker,  
W. B. Macey and Neal and Girand for Me-Tex Supply Co.

**FROM:** R. R. Spurrier, Secretary and Director

**SUBJECT:** Motion for Rehearing in Case 584

Neal and Girand have asked for a rehearing in Case 584 for their client, Me-Tex Supply Company. Apparently the Commission made an error of omission in the issuance of Order R-370-A and put Me-Tex in the impossible position of needing a quarter section where no quarter section exists. This is caused by the long section located in Section 3, Township 21 South, Range 36 East.

If their motion for rehearing is not granted before the first of the year the Eumont Gas Pool Proration Plan cannot go into effect.

I recommend that the Motion for Rehearing be granted and set down for December 18th and that Me-Tex make application for two unorthodox well locations and two unorthodox proration units.

*Jan. 21*

*RS*  
*OK with me -*  
*Ed Walker*  
*OK with me*  
*Edwin L. Mechem*

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 4, 1953

C  
O  
P  
Y

Mr. Melvin Neal  
Attorney at Law  
P. O. Box 1326  
Hobbs, New Mexico

Dear Mr. Neal:

According to our conversation of December 3rd  
in this office, please disregard my letter dated December  
2, 1953, in which I stated that the rehearing in Case 584  
would be scheduled for the regular January 20, 1954 hearing.

Very truly yours,

R. R. SPURRIER  
Secretary and Director

RRS:vc

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

December 2, 1953

C  
O  
P  
Y

Mr. Melvin Neal, Attorney  
NEAL AND GIRARD  
Box 1326  
Hobbs, New Mexico

Dear Mr. Neal:

This will affirm the Commission's decision to grant re-hearing in Case 584 upon application of your client, He-Tex Supply Company. The application was received November 30, 1953.

The re-hearing will be scheduled for the regular January 20, 1954, hearing of the Commission. Formal order granting the re-hearing will be issued shortly, and will be sent to you on behalf of your client.

Very truly yours,

R. E. Spurrier  
Secretary - Director

RRE:mr