

CASE 1829: Application of JOHN KELLY  
for exception to overproduction shut-  
in provisions of Order R-520 as amend-  
ed by Order R-967. (Shaban Wall No. 3

Case No.

1829

Application, Transcript,  
Small Exhibits, Etc.

**OIL CONSERVATION COMMISSION**

**P. O. BOX 871**

**SANTA FE, NEW MEXICO**

December 17, 1959

Mr. John M. Kelly  
Box 5671  
Roswell, New Mexico

Dear Mr. Kelly:

We enclose herewith two copies of Order No. R-1554  
in Case 1829, issued by the Oil Conservation Com-  
mission on December 16, 1959.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

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. 1829  
Order No. R-1554

APPLICATION OF JOHN M. KELLY FOR  
AN ORDER PERMITTING ONE OVER-  
PRODUCED GAS WELL IN THE JALMAT  
GAS POOL, LEA COUNTY, NEW MEXICO,  
TO COMPENSATE FOR ITS OVER-  
PRODUCTION AT A LESSER RATE THAN  
COMPLETE SHUT-IN IN EXCEPTION TO  
ORDER NOS. R-520 AND R-967

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 11, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of December, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

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

(2) That the Shahan Well No. 3, located in the SW/4 NE/4 of Section 33, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, is more than six times over-produced and is, therefore, subject to complete shut-in under the provisions of Order Nos. R-520 and R-967.

(3) That due to severe liquid problems, the applicant seeks an order permitting the over-production to be made up at a lesser rate than complete shut-in in order to preclude permanent injury to the subject well.

(4) That the applicant should be permitted to produce the subject well at a monthly rate equal to fifty percent of the well's current monthly allowable or at a monthly rate equal to fifty percent of the well's average monthly allowable for the preceding six-month proration period, whichever is greater.

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Case No. 1829

Order No. R-1554

(5) That the curtailed rate of production to compensate for over-production as hereinabove prescribed should be adequate to prevent permanent injury to the well or producing formation.

(6) That an administrative procedure should be established whereby the Secretary-Director of the Commission may authorize the operator to compensate for over-production at a lesser rate than that provided in this order upon a satisfactory showing that the rate prescribed herein would result in permanent damage to the well and/or producing formation.

IT IS THEREFORE ORDERED:

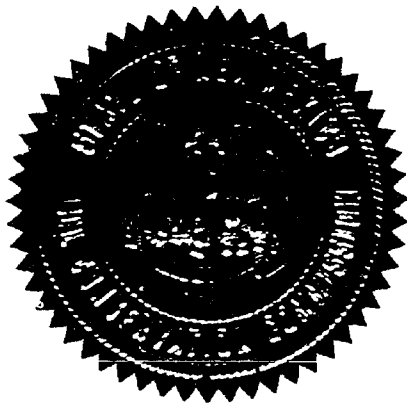
(1) That the applicant be and the same is hereby authorized to compensate for the over-production of the Shahan Well No. 3, a Jalmat gas well located in the SW/4 NE/4 of Section 33, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, by producing it at a monthly rate equal to fifty percent of the well's current monthly allowable or at a monthly rate equal to fifty percent of the well's average monthly allowable for the preceding six-month proration period, whichever is greater.

PROVIDED HOWEVER, That an administrative procedure be and the same is hereby established wherein the Secretary-Director is authorized to set the percentage of curtailment at a lesser rate than that herein prescribed upon a satisfactory showing by the operator that the rate for compensating for over-production as set forth in this order would result in permanent injury to the well and/or producing formation.

(2) That the effective date of this order is December 1, 1959.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. C. Porter, Jr.*  
A. C. PORTER, Jr., Member & Secretary

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- CASE 1828: Application of Francis L. Harvey for an exception to Rule 104 of the Commission Rules and Regulations and for certain exceptions to well completion requirements. Applicant, in the above-styled cause, seeks an order establishing 2 $\frac{1}{2}$ -acre spacing for Mesaverde oil wells in Sections 10, 11, 21, 22, 23 and 33 of Township 18 North, Range 3 West, Sandoval County, New Mexico, in exception to Rule 104. Applicant further proposes certain exceptions to well completion requirements.
- CASE 1829: Application of John M. Kelly for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing its Shahan Well No. 3 in the SW/4 NE/4 of Section 33, Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to compensate for its overproduced status without being completely shut-in in order to prevent possible waste.
- CASE 1830: Application of Texaco Inc. for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its United Royalty "A" Well No. 3 located in Unit F, Section 19, Township 24 South, Range 36 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Dollarhide-Queen Pool and the production of oil from the Dollarhide-Drinkard Pool through parallel strings of tubing.
- CASE 1831: Application of Texaco Inc. for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its United Royalty "A" Well No. 4, located in Unit K, Section 19, Township 24 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Dollarhide-Queen Pool and the production of oil from the Dollarhide-Drinkard Pool through parallel strings of tubing.
- CASE 1832: Application of Jal Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described well in the Jalmat Gas Pool to compensate for its overproduced status without being completely shut-in in order to prevent possible waste:

Watkins Well No. 2, SE/4 NE/4 of Section 25,  
Township 24 South, Range 36 East, Lea County,  
New Mexico.

DOCKET: EXAMINER HEARING DECEMBER 11, 1959

OIL CONSERVATION COMMISSION - 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico.

The following cases will be heard before Daniel S. Nutter, Examiner, or A. L. Porter, Jr., Secretary:

CASE 1804:

(Continued)

Application of Cabot Carbon Company for an oil-oil dual completion and for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Howard Fleet Well No. 1, located 1980 feet from the South line and 660 feet from the East line of Section 35, Township 13 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Pennsylvanian oil pool and the production of oil from the King-Devonian Pool through parallel strings of 1½-inch tubing. Applicant further seeks permission to commingle the Devonian and Pennsylvanian production from said Howard Fleet Well No. 1.

NEW CASES

CASE 1824:

Application of The Atlantic Refining Company for an exception to Rule 104 (c) of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an exception to Rule 104 (c) so that it may recomplete in the Denton Wolfcamp Pool its Federal Jones Well No. 2, located 330 feet from the South and East lines of Section 34, Township 14 South, Range 37 East, Lea County, New Mexico, said well being located closer than 660 feet to a well producing from the same common source of supply.

CASE 1825:

Application of Continental Oil Company for an amendment of Order R-1440. Applicant, in the above-styled cause, seeks an order amending Order R-1440 to permit the commingling of Tubh and Blinebry production on its Lockhart A-17 lease in Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, without separate measurement.

CASE 1826:

Application of Continental Oil Company for an amendment of Order R-1445. Applicant, in the above-styled cause, seeks an amendment of Order R-1445 to permit the installation of automatic custody transfer equipment to handle the Delaware production from its Wilder, Payne and Bradley leases in Sections 25, 26 and 35, Township 26 South, Range 32 East, and in Sections 30 and 31, Township 26 South, Range 33 East, Lea County, New Mexico, and for permission to produce more than 16 wells in a common tank battery.

CASE 1827:

Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 5, located 1650 feet from the South line and 1980 feet from the East line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Paddock pool and the production of oil from the Justis-Blinebry Pool through parallel strings of tubing.

JOHN M. KELLY  
Box 5671  
ROSWELL, NEW MEXICO

November 19, 1959

*Case  
1829*

Subject: Exception to  
Shut-In of  
Shahan #3  
Jalmat Gas  
Pool per:  
R-967

Mr. A. L. Porter, Jr.  
Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Dear Sir:

John M. Kelly, operator of Shahan #3, SW NE section 33-25-37, Jalmat Gas Pool, submits application for an exception to the overproduction shut-in provision of Rule 10 order R-967.

Applicant requests that the Shahan #3 is allowed to compensate for its overproduced status at a maximum rate of 100 MCFPD in order to prevent waste. Applicant feels that due to the water production history in the area that the well could be "flooded out" and damaged during a prolonged shut-in period. The requested allowable would be sufficient to remove produced liquids and also compensate the overproduced status.

Yours very truly,

*Kenneth D. McPeters*

Kenneth D. McPeters  
Production Superintendent

*Booklet  
mailed  
Nov. 30, 1959*