

CASE 1891: APPLICATION OF VAL. K.
REQUEST FOR EXTENSION OF EXECUTIO-GALL.
OIL POOL AND FOR RULES & REGULATIONS.

~~Count to 2000~~
Mar. 16

~~Count to 2000~~
Feb. 17 1911

Case No.

1891

Application, Transcript,
Small Exhibits, Etc.

New Mexico Oil Conservation Commission

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO

*Escrito
7 file
Once
1891*

January 12, 1960

Val R. Reese & Associates
Simms Building
Albuquerque, New Mexico

Attn: Mr. Val R. Reese

Dear Val:

Reference is made to your letter of January 7 regarding the Escrito Gallup pool rules.

There is no way that I knew of that the above matter can be resolved without calling a hearing before the Commission to consider the matter. I agree that the Statewide Oil rules, with 40-acre spacing and the limiting gas-oil ratio of 2000 to 1 are not suited for this pool. I have since during the last couple of days discussed this with Mr. Cunningham and Mr. Brown, who are with the Killarney Oil Company and they are also very anxious to get the pool rules change as they have a high ratio well in Section 24-24N-7W. I understand that the original Standard of Texas oil wells in this pool are increasing in gas production so I do not imagine they would object to the changes which you propose to make. The proper procedure for setting this matter for hearing is to make application to Mr. A.L. Porter, Jr. Secretary-Director of the Commission, Box 871, Santa Fe, N.M., setting out all the matters which you wish to discuss in the hearing. I imagine that it would be set for the regular February hearing if you made application now. If you need any information which is on file with the Commission in preparing your case, please do not hesitate to call on us.

There is no way under the law that I could grant any well in the Escrito Gallup Pool or within a mile of the present pool boundaries any allowable

except under the present oil rules; therefore your well must be produced as an oil well with a 2000-1 gas-oil ratio until an order can be entered.

Yours very truly

Emery C. Arnold
Supervisor, District #3

WCA:ko

cc: Mr. A. L. Porter, Jr.
OCC, Santa Fe, N.M.

NEW MEXICO OIL CONSERVATION COMMISSION

1000 RIO SABADO ROAD

NEW MEXICO OIL CONSERVATION COMMISSION

DOCKET: EXAMINER HEARING MARCH 9, 1960

Oil Conservation Commission - 1:30 p.m., Mabry Hall, State Capitol, Santa Fe, N. M.

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

CONTINUED CASE

CASE 1891: Application of Val R. Reese & Associates, Inc. for extension of the Escrito-Gallup Oil Pool and for the promulgation of special rules and regulations governing said pool. Applicant, in the above-styled cause, seeks an order extending the Escrito-Gallup Oil Pool, Rio Arriba County, New Mexico, to include acreage in Sections 19 and 30, Township 24 North, Range 6 West, and acreage in Sections 24 and 25, Township 24 North, Range 7 West. Applicant also proposes the promulgation of special rules and regulation governing the drilling, spacing and allocation of allowables to oil wells and gas wells in said pool, including gas-oil ratio limitations.

NEW CASES

CASE 1914: Application of Great Western Drilling Company for approval of a unit agreement, for establishment of a water injection project and an allowable therefor, and for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks approval of its Pebble Queen Unit Agreement, which unit comprises approximately 961 acres in Townships 12 and 13 South, Range 31 East, Chaves County, New Mexico. Applicant further seeks permission to institute a water injection project on said unit by the injection of water into the Queen formation through six injection wells located in Sections 1, 2 and 11 of said Township 13 South, Range 31 East, with a special allowable to be assigned to said project. Applicant also seeks permission to install an automatic custody transfer system to handle the Caprock-Queen production from all wells on said unit.

CASE 1915: Application of Redfern and Herd for the creation of a new gas pool for Gallup production consisting of portions of Sections 17, 18, and 19, Township 24 North, Range 6 West, and consisting of portions of Sections 13 and 24, Township 24 North, Range 7 West, all in Rio Arriba County, New Mexico.

CASE 1916: Application of Humble Oil & Refining Company for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks permission to commingle the Empire-Abo Pool production from all wells located on two separate leases, one of which comprises the SW/4 of Section 9, the other of which comprises the NW/4 of said Section 9, all in Township 18 South, Range 27 East, Eddy County, New Mexico.

pj/

LAW OFFICES OF
MODRALL, SEYMOUR, SPERLING, ROEHL & HARRIS

SIMMS BUILDING

P. O. BOX 466

ALBUQUERQUE, NEW MEXICO

TELEPHONE CHAPEL 3-4514

March 3, 1960

J. R. MODRALL
AUGUSTUS T. SEYMOUR
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS
DANIEL A. SISK
LELAND S. SEDBERRY
BURNS H. ERREBO
ALLEN C. DEWEY
FRANK H. ALLEN

JOHN F. SIMMS (1888-1954)

Case file

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

Re: Escrito Area

Case No. 1891
Application of Val R. Reese & Associates, Inc.

Case No. 1915
Application of Redfern and Herd

Dear Mr. Porter:

Val R. Reese & Associates, Inc., El Paso Natural Gas Company, Pan American Petroleum Corporation, and Redfern and Herd are parties affected by the aforementioned cases, which are set for examiner hearing on March 9, 1960. On behalf of said parties, and pursuant to the provisions of Statewide Rule 1216 of this Commission and Chapter 65, Article 3, Section 11.1 of the New Mexico Statutes, formal objection is hereby made to the hearing of said cases on March 9, and it is requested that same be heard by the Commission at its regular Statewide Hearing on March 16, 1960.

Very truly yours,

Burns H. Errebo

Burns H. Errebo

BHE/b
cc Mr. Howard Bratton
Mr. Ben Howell
Mr. Guy Buell

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1891

TRANSCRIPT OF HEARING

MARCH 9, 1960

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. Nutter

Santa Fe, NEW MEXICOREGISTERHEARING DATE March 9, 1960 TIME: 1:30 p.m.

NAME:	REPRESENTING:	LOCATION:
<i>S.B. Crisley Jr</i>	<i>Hervey, Low & Hinkle</i>	<i>Roswell, N.M.</i>
<i>Sam H. Snoddy</i>	<i>Great Western Oil Co.</i>	<i>Midland, Tex.</i>
<i>John Hampton</i>	<i>Great Western Oil Co.</i>	<i>Midland</i>
<i>R.L. Carpenter</i>	<i>HUMBLE OIL & REFINING CO.</i>	<i>HOBBS, N.M.</i>
<i>SAM F. HARRILL</i>	<i>HUMBLE OIL & REF. CO.</i>	<i>HOBBS, N.M.</i>
<i>Wilson Gormley</i>	<i>F.B. Gormley & Sons</i>	<i>Dallas Texas</i>

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 9, 1960

EXAMINER HEARING

IN THE MATTER OF:

Application of Val R. Reese & Associates, Inc. for extension of the Escrito-Gallup Oil Pool and for the promulgation of special rules and regulations governing said pool. Applicant, in the above-styled cause, seeks an order extending the Escrito-Gallup Oil Pool, Rio Arriba County, New Mexico, to include acreage in Sections 19 and 30, Township 24 North, Range 6 West, and also proposes the promulgation of special rules and regulation governing the drilling, spacing and allocation of allowables to oil wells and gas wells in said pool, including gas-oil ratio limitations.

Case 1891

BEFORE :

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.

The first case on the docket will be case No. 1891.

MR. PAYNE: Mr. Examiner, the Applicant has made formal objection to the hearing of case 1891 on March 9, 1960 and has requested that the same be heard by the Commission at it's regular State-wide hearing on March 16, 1960. I, therefore, recommend that the case be heard at the regular Commission hearing on March 16, 1960.

MR. NUTTER: The case will be heard before the Commission on March 16, 1960.

STATE OF NEW MEXICO)
 : SS
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 15th day of March, 1960.

Ada Dearnley
 Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the Matter of _____, Cause No. 1891, heard by the _____, 3-9, 1960.
[Signature] Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1891: Application of Val R. Reese & Associates,
Inc. for extension of the Escrito-Gallup
Oil Pool and for the promulgation of
special rules and regulations governing
said pool.

TRANSCRIPT OF HEARING

February 10, 1960

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1891: Application of Val R. Reese & Associates, Inc. for extension of the Escrito-Gallup Oil Pool and for the promulgation of special rules and regulations governing said pool. Applicant, in the above-styled cause, seeks an order extending the Escrito-Gallup Oil Pool, Rio Arriba County, New Mexico, to include acreage in Sections 19 and 30, Township 24 North, Range 6 West, and acreage in Sections 24 and 25, Township 24 North, Range 7 West. Applicant also proposes the promulgation of special rules and regulations governing the drilling, spacing and allocation of allowables to oil wells and gas wells in said pool, including gas-oil ratio limitations.

BEFORE:

DANIEL S. NUTTER, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: Take next Case 1891.

MR. PAYNE: Application of Val R. Reese & Associates, Inc. for extension of the Escrito-Gallup Oil Pool and for the promulgation of special rules and regulations governing said pool.

Mr. Examiner, the Applicant in Case 1891 has requested that this case be continued until March 9, which will be the same Examiner.

MR. ERREBO: Mr. Examiner, Burns Errebo, Modrall,

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



Seymour, Sperling, Roehl and Harris, appearing on behalf of the Applicant. We did receive a copy of a letter from the El Paso Natural Gas Company in which they request a continuation of this hearing, and we would like that to be made a part of the hearing.

MR. NUTTER: Yes, sir. Case No. 1891 will be continued to March 9 at which time it will be heard before the same Examiner.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CM 3-6691



~~Seymour, Sperling, Roehl and Harris, appearing on behalf of the~~
Applicant. We did receive a copy of a letter from the El Paso
Natural Gas Company in which they request a continuation of this
hearing, and we would like that to be made a part of the hearing.

MR. NUTTER: Yes, sir. Case No. 1891 will be continued
to March 9 at which time it will be heard before the same Examiner.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO) SS

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 22nd day of February, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1891 heard by me on 2-10, 1960.

Joseph A. Trujillo, Examiner
New Mexico Oil Conservation Commission



PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

REGULAR HEARING

IN THE MATTER OF:

CASE 1891

Applicant, in the above-styled cause, seeks an order extending the Escrito-Gallup Oil Pool, Rio Arriba County, New Mexico, to include acreage in Sections 19 and 30, Township 24 North, Range 7 West. Applicant also proposes the promulgation of special rules and regulations governing the drilling, spacing and allocation of allowables to oil wells and gas wells in said pool, including gas and oil ratio limitations.

BEFORE:

Mr. A. L. Porter, Jr.
Mr. Murray Morgan
Governor John Burroughs

TRANSCRIPT OF HEARING

MR. PORTER: We will call next Case 1891.

MR. PAYNE:: Case 1891: Application of Val R. Reese and Associates, Inc. for extension of the Escrito-Gallup Oil Pool and for the promulgation of special rules and regulations governing said pool.

MR. PORTER: Mr. Errebo.

MR. ERREBO: If it please the Commission, Burns Errebo
of Albuquerque, appearing on behalf of the Applicants. As the



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CM 3-6691

Commission knows, this matter has been pending before the Commission since January when our application was filed. We have given a thorough and continuing study to the rules which we might propose, pursuant to this application, and we now feel that we do not have sufficient information on the Escrito Oil Pool to offer to the Commission upon which you could base rules which might be issued.

We therefore at this time move the Commission to dismiss our application.

MR. PORTER: Is there any objection to counsel's motion for dismissal in this case? The case will be dismissed.

xxx



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in Stenotype, and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings to the best of my knowledge, skill and ability.

DATED this 22nd day of March, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



El Paso Natural Gas Company

El Paso, Texas
February 4, 1960

Case 1891

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.
Secretary - Director

Gentlemen:

Re: In the Matter of the Application of
Val R. Reese and Associates, Inc. for
Adoption of Special Rules for the
Escrito Gallup Oil Pool, Rio Arriba
County, New Mexico - Case No. 1891

El Paso Natural Gas Company considers that additional time is necessary to prepare geological and engineering evidence in the above case to determine whether the limits of the Escrito Gallup Oil Pool should be extended as alleged, what should be the most appropriate gas-oil ratio limitation for wells in the pool, and the number of acres that should be included in a proration unit for gas wells and oil wells.

In order to allow more time to prepare evidence concerning these matters, El Paso Natural Gas Company hereby requests that this matter be continued to the first Examiner Hearing in March, 1960.

Yours very truly,

Garrett C. Whitworth
Garrett C. Whitworth
Attorney

GCW:hsW

cc: Mr. Burns Errebo
Modrall, Seymour, Sperling, Roehl & Harris,
representing Applicant

Mr. D. S. Nutter
New Mexico Oil Conservation Commission
107 Mabry Hall, Capitol Bldg.
Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

San

*Escrito Case File
Case 1871*

January 12, 1960

Mr. Daniel F. Cunningham
3513 College Avenue
Oakland, California

Dear Mr. Cunningham:

We are in receipt of your letter of January 7, 1960, regarding your Killarney Well No. 1, located in Section 24, Township 24 North, Range 7 West, Rio Arriba County, New Mexico.

We regret to inform you that under the rules of the New Mexico Oil Conservation Commission it is impossible to classify a high-ratio well as a gas well if the well is located within the horizontal and vertical limits of an oil pool. While this does admittedly sometimes impose a rather serious problem on the owners of such high-ratio wells, we feel that in the long run it is beneficial in that it places a limitation on withdrawals of free gas from the oil pools, and results in greater ultimate recovery of oil. The gas-oil ratio limitation also affords each owner in a pool the opportunity to produce his just and equitable share of the oil and/or gas underlying his tract.

We will, therefore, be required to continue to impose the 2000 to 1 gas-oil ratio limitation on the subject well.

We offer the suggestion that you have a competent geologist and reservoir engineer investigate the possibility that the well is not completed in the same producing formation as the Escrito-Gallup Oil Pool, and should be removed from the pool. If, upon such investigation, you feel that

*Submitted
2-26-60
JH*

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

Mr. Daniel P. Cunningham
January 12, 1960

you have sufficient evidence to sustain your burden of
proving that such is the case, you should file an appli-
cation for a hearing of the matter.

Very truly yours,

DANIEL S. MUTTER
Chief Engineer

bcc: Mr. E. C. Arnold
Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico

DSM:vcm

C
O
P
Y

LAW OFFICES OF
MODRALL, SEYMOUR, SPERLING, ROEHL & HARRIS

SIMMS BUILDING
P. O. BOX 466

ALBUQUERQUE, NEW MEXICO

TELEPHONE CHAPEL 3-4514
January 21, 1960

JOHN F. SIMMS (1885-1954)

J. R. MODRALL
AUGUSTUS T. SEYMOUR
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS
DANIEL A. SISK
DEAN P. KIMBALL
LELAND S. SEDGERRY
BURNS H. ERREBO
ALLEN C. DEWEY

*Case
1891*

*Set for
hearing on
Feb 10*

Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Enclosed herewith in triplicate is the application of Val R. Reese & Associates, Inc. for special pool rules and regulations for the Escrito Gallup Pool, Rio Arriba County, New Mexico, which we ask that you set for hearing on your next docket.

Very truly yours,

Burns H. Errebo

Burns H. Errebo

BHE/b
enclosures

*Docket
mailed
1-28-60
R*

DOCKET: EXAMINER HEARING FEBRUARY 10, 1960Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe

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

- CASE 1889:** Application of Continental Oil Company for three non-standard gas proration units. Applicant, in the above-styled cause, seeks the cancellation of three existing non-standard units and the establishment of three non-standard gas proration units in the Jalmat Gas Pool, Lea County, New Mexico. One such unit is to comprise 400 acres, being the NE/4, N/2 NW/4 and the N/2 S/2 of Section 32, Township 22 South, Range 36 East. Another unit is to comprise 160 acres, being the S/2 S/2 of said Section 32. Another unit is to comprise 80 acres, being the S/2 NW/4 of said Section 32. The proposed units are to be dedicated respectively to the State, A-32 Wells Nos. 2, 3 and 4 all in said Section 32 and located respectively in the SW/4 NE/4, the SE/4, SE/4 and the SE/4 NW/4.
- CASE 1890:** Application of Socony Mobil Oil Company, Inc. for permission to commingle the production from several separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle, after separate measurement, the production from the Penrose Skelly, Paddock, Blinbry Gas, Tubb Gas, Drinkard and Brunson Pools as well as production from the Montoya, Silurian and Simpson formations from all wells on its Brunson Argo Lease, consisting of the NE/4 of Section 9 and the NW/4 of Section 10, both in Township 22 South, Range 37 East, Lea County, New Mexico.
- CASE 1891:** Application of Val R. Reese & Associates, Inc. for extension of the Escrito-Gallup Oil Pool and for the promulgation of special rules and regulations governing said pool. Applicant, in the above-styled cause, seeks an order extending the Escrito-Gallup Oil Pool, Rio Arriba County, New Mexico, to include acreage in Sections 19 and 30, Township 24 North, Range 6 West, and acreage in Sections 24 and 25, Township 24 North, Range 7 West. Applicant also proposes the promulgation of special rules and regulations governing the drilling, spacing and allocation of allowables to oil wells and gas wells in said pool, including gas-oil ratio limitations.

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF VAL R. REESE & ASSOCIATES, INC.
FOR ADOPTION OF SPECIAL POOL RULES FOR
THE ESCRITO GALLUP OIL POOL, RIO ARRIBA
COUNTY, NEW MEXICO

CASE NO. 1891

APPLICATION

Applicant states:

1. That Applicant Val R. Reese & Associates, Inc.
is owner and operator of wells producing from the Escrito
Gallup oil pool, Rio Arriba County, New Mexico.
2. That said pool has been classified as an oil
pool by Order of this Commission.
3. That there are both oil and gas wells
now producing from the common source of supply of said
pool.
4. That special pool rules and regulations should
be adopted by this Commission concerning the drilling of
oil wells and gas wells insaid pool and the production
therefrom, including but not limited to provisions for
proration units for oil wells and for gas wells, well location,
determination of allowables for oil wells and for gas wells
and limiting gas-oil ratios.
5. That the limits of said pool should be ex-
tended to include the following lands:

Township 24 North, Range 7 West, NMPM
Section 24: $N\frac{1}{2}$, $E\frac{1}{2}SE\frac{1}{4}$, $SW\frac{1}{4}SE\frac{1}{4}$
Section 25: $E\frac{1}{2}$

Township 24 North, Range 6 West, NMPM
Section 19: $W\frac{1}{2}$
Section 30: All
6. That the adoption of special rules and regulations
is necessary for the prevention of waste and protection of
correlative rights.

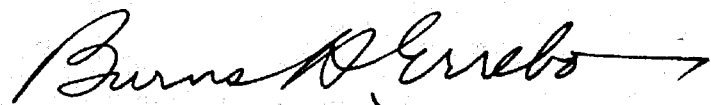
*Docket
marked
2-26-60
JH*

WHEREFORE, Applicant prays that this matter be set for hearing, that notice thereof be given as required by law, and upon hearing this Commission adopt rules and regulations for said pool and grant such other and further relief as this Commission may deem necessary and proper.

VAL R. REESE & ASSOCIATES, INC.

By MODRALL, SEYMOUR, SPERLING, ROEHL & HARRIS

By



Burns H. Errebo
P. O. Box 466, 1200 Simms Bldg.
Albuquerque, 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 NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 1967
Order No. R-1638

APPLICATION OF THE BRITISH-AMERICAN
OIL PRODUCING COMPANY FOR A PRESSURE
MAINTENANCE PROJECT IN ITS WEST BISTI-
LOWER GALLUP SAND UNIT, BISTI-LOWER
GALLUP OIL POOL, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 27, 1960, at Santa Fe, New Mexico, before Elvis A. Uts, 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 24th day of March, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Uts, 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 British-American Oil Producing Company is the operator of the West Bisti Lower Gallup Sand Unit, the initial participation area of which comprises the proposed West Bisti Pressure Maintenance Project Area, described as follows:

TOWNSHIP 25 NORTH, RANGE 13 WEST, NMPM

Section 1:	E/2, E/2 NW/4
Section 12:	E/2 NE/4

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Section 18:	SW/4, S/2 SE/4
Section 19:	N/2, E/2 SE/4, SE SE/4
Section 20:	W/2, S/2 SE/4, SE/4
Section 21:	SW/4
Section 26:	SW/4, S/2 SE/4

-2-
CASE No. 1867
Order No. R-1639

Section 27:	S/2, S/2 E/2
Section 28:	All
Section 29:	E/2 E/2
Section 30:	E/2 NE/4
Section 33:	E/2 NE/4
Section 34:	E/2 SW/4, NE/4
Section 35:	N/2, N/2 SW/4, SE/4
Section 36:	W/2, SE/4

TOWNSHIP 26 NORTH, RANGE 14 WEST, NMPM

Section 13: S/2 NE/4 SE/4

(3) That the applicant proposes to institute a pressure maintenance project in the above-described area by the injection of water into the Gallup formation through seventeen wells.

(4) That the applicant proposes that each month an allowable be established for the West Bisti Pressure Maintenance Project, said allowable to be determined by multiplying the current Northwest New Mexico normal unit allowable for an 80-acre proration unit times the number of 80-acre proration units in the pressure maintenance project, including in such computation those proration units having wells which are shut-in or wells which are used as injection wells, and further including those proration units or portions thereof which have no well located on them.

(5) That only acreage which has been developed and proven productive by the drilling of a well should receive allowable credit.

(6) That the allowable assigned to any well in the project area should be no greater than the demonstrated ability of such well to produce, subject to top unit allowable for the pool. In the case of injection wells or curtailed or shut-in producing wells, the allowable should be no greater than the demonstrated capacity of the well to produce, as reflected by a 24-hour test at a stabilized rate of production immediately prior to such conversion or shut-in or curtailment. In no event should such allowable be greater than the current normal unit allowable for the Bisti-Lower Gallup Oil Pool during the month of transfer multiplied by the well's acreage factor.

(7) That special rules and regulations for the operation of the West Bisti Pressure Maintenance Project should be promulgated and for operational convenience, such rules should provide certain flexibility in authorizing the production of the project allowable from any well or wells in the Project. Such flexibility will not, in this case, impair correlative rights.

(8) That Order Nos. R-1316 and R-1416 shall be superseded.

-3-
CASE No. 1867
Order No. R-1638

IT IS THEREFORE ORDERED:

(1) That Commission Order Nos. R-1316 and R-1416 be and the same are hereby superseded.

(2) That the applicant, The British-American Oil Producing Company, be and the same is hereby authorized to institute a pressure maintenance project by the injection of water into the Gallup formation through the following-described wells:

British-American Marye Well No. 3, NE/4 NE/4 of Section 12, T-25-N, R-13-W.

British-American Marye Well No. 5, NE/4 SE/4 of Section 1, T-25-N, R-13-W.

Honolulu State "D" Well No. 1, NW/4 NW/4 of Section 36, T-26-N, R-13-W.

British-American Marye "B" Well No. 1, SW/4 NE/4 of Section 35, T-26-N, R-13-W.

British-American Marye "B" Well No. 4, NE/4 SW/4 of Section 35, T-26-N, R-13-W.

British-American Douthit "B" Well No. 4, SW/4 NE/4 of Section 27, T-26-N, R-13-W.

British-American Douthit "B" Well No. 8, NE/4 SW/4 of Section 27, T-26-N, R-13-W.

British-American Douthit "B" Well No. 12, SW/4 SW/4 of Section 27, T-26-N, R-13-W.

British-American Salge "B" Well No. 5, NE/4 NE/4 of Section 33, T-26-N, R-13-W.

HMG-Foster Well No. 1, NE/4 SW/4 of Section 21, T-26-N, R-13-W.

HMG-Foster Well No. 5, SW/4 SW/4 of Section 21, T-26-N, R-13-W.

British-American Douthit "B" Well No. 11, NE/4 NE/4 of Section 29, T-26-N, R-13-W.

Shelly Duff Well No. 9, NW/4 NW/4 of Section 20, T-26-N, R-13-W.

Shelly Duff Well No. 8, SE/4 NE/4 of Section 19, T-26-N, R-13-W.

-4-
CASE No. 1867
Order No. R-1638

Skelly Duff Well No. 11, NW/4 SE/4 of Section 19,
T-26-N, R-13-W.

British-American Navajo Well No. 2, SW/4 SE/4 of
Section 13, T-26-N, R-14-W.

British-American Navajo Well No. 3, NE/4 SE/4 of
Section 13, T-26-N, R-14-W.

(3) That special rules and regulations governing the
operation of the West Bisti Pressure Maintenance project,
Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, be
and the same are hereby promulgated as follows, effective
April 1, 1960.

**SPECIAL RULES AND REGULATIONS FOR THE
BRITISH-AMERICAN OIL PRODUCING COMPANY'S
WEST BISTI PRESSURE MAINTENANCE PROJECT**

RULE 1. That the project area of The British-American
Oil Producing Company's West Bisti Pressure Maintenance Project
shall comprise the following-described acreage:

TOWNSHIP 25 NORTH, RANGE 13 WEST, NMPM

Section 1: E/2, E/2 NW/4
Section 12: E/2 NE/4

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Section 18: SW/4, S/2 SE/4
Section 19: E/2, E/2 SE/4, SE SE/4
Section 20: W/2, S/2 NE/4, SE/4
Section 21: SW/4
Section 26: SW/4, S/2 SE/4
Section 27: S/2, S/2 E/2
Section 28: All
Section 29: E/2 E/2
Section 30: E/2 NE/4
Section 33: E/2 NE/4
Section 34: E/2 NW/4, NE/4
Section 35: E/2, E/2 SW/4, SE/4
Section 36: W/2, SE/4

TOWNSHIP 26 NORTH, RANGE 14 WEST, NMPM

Section 13: S/2 NE/4, SE/4

RULE 2. The allowable for the Project shall be the sum
of the allowables of the several wells within the project area,
including those wells which are shut-in, curtailed, or used as

-5-
CASE No. 1867
Order No. R-1638

injection wells. Allowables for all wells shall be determined in a manner hereinafter prescribed.

RULE 3. Allowables for injection wells may be transferred to producing wells within the project area, as may the allowables for producing wells which, in the interest of more efficient operation of the Project, are shut-in or curtailed because of high gas-oil ratio or are shut-in for any of the following reasons: Pressure regulation, control of pattern or sweep efficiencies, or to observe changes in pressures or changes in characteristics of reservoir liquids or progress of sweep.

RULE 4. The allowable assigned to any injection well or any well which is shut-in or is curtailed in accordance with the provisions of Rule 3, which allowable is to be transferred to any well or wells in the project area for production shall in no event be greater than its ability to produce during the test prescribed by Rule 5, below, or greater than the current top unit allowable for the pool during the month of transfer, multiplied by the well's acreage factor, whichever is less.

RULE 5. The allowable assigned to any well which is used for the purpose of injection, or which is shut-in or curtailed in accordance with Rule 3, shall be determined by a 24-hour test at a stabilized rate of production, which shall be the final 24-hour period of a 72-hour test throughout which the well shall be produced in the same manner and at constant rate. The daily tolerance limitation set forth in Commission Rule 502 I (a) and the limiting gas-oil ratio (2000 to 1) for the Bisti-Lower Gallup Oil Pool shall be waived during such tests. The project operator shall notify all operators offsetting the proposed injection well, as well as the Commission, of the exact time such tests are to be conducted. Tests may be witnessed by representatives of the offsetting operators and the Commission, if they so desire. In the event a well is drilled and placed on injection prior to establishing its ability to produce, the allowable for said well shall be determined by the arithmetic average for the producing abilities of the offsetting producing wells at the time said well is placed on injection.

RULE 6. The allowable assigned to each producing well in the Project shall be equal to the well's ability to produce or to top unit allowable for the Bisti-Lower Gallup Oil Pool, whichever is less. Each such producing well shall be subject to the limiting gas-oil ratio (2,000 to 1) for the Bisti-Lower Gallup Oil Pool, except that any well or wells within the project area producing with a gas-ratio in excess of 2,000 cubic feet of gas per barrel of oil may be produced on a "net" gas-oil ratio basis, which net gas-oil ratio shall be determined by applying credit for daily average gas injected into the Bisti-Lower Gallup Oil Pool within the project area

-6-
CASE No. 1867
Order No. R-1618

to such high gas-oil ratio well. The daily adjusted oil allowable for any such well receiving gas injection credit shall be determined in accordance with the following formula:

$$A_{adj} = \frac{TUA \times F_a \times 2,000}{\frac{P_g - I_g}{P_o}}$$

where:

- A_{adj} = the well's daily adjusted allowable
- TUA = top unit allowable for the pool
- F_a = the well's acreage factor
- P_g = average daily volume of gas produced by the well during the preceding month, cubic feet
- I_g = the well's allocated share of the daily average gas injected during the preceding month, cubic feet
- P_o = average daily volume of oil produced by the well during the preceding month, barrels

In no event shall the amount of injected gas being credited to a well be such as to cause the net gas-oil ratio, $\frac{P_g - I_g}{P_o}$, to

be less than 2,000 cubic feet of gas per barrel of oil produced.

RULE 7. Credit for daily average net water injected into the Bisti-Lower Gallup Oil Pool through any injection well located within the project area may be converted to its gas equivalent and applied to any well producing with a gas-oil ratio in excess of two thousand cubic feet of gas per barrel of oil. Total credit for net water injected in the project area shall be the gas equivalent volume of the daily average net water injected during a one-month period. The daily average gas equivalent of net water injected shall be computed in accordance with the following formula:

$$E_g = (V_{w \text{ inj}} - V_{w \text{ prod}}) \times 5.61 \times \frac{P_a}{15.025^a} \times \frac{320^\circ}{T_s} \times \frac{1}{E}$$

where:

- E_g = Average daily gas equivalent of net water injected, cubic feet

-7-
CASE No. 1867
Order No. R-1638

- V_w inj = Average daily volume of water injected, barrels
 V_w prod = Average daily volume of water produced, barrels
5.61 = Cubic foot equivalent of one barrel of water
 P_a = Average reservoir pressure at mid-point of upper pay-zone of Bisti-Lower Gallup Oil Pool in project area, psig \pm 11.5, as determined from most recent survey
15.025 = Pressure base, psi
520° = Temperature base of 60°F expressed as absolute temperature
 T_a = Reservoir temperature of 145°F expressed as absolute temperature
 Z = Compressibility factor from analysis of Bisti-Lower Gallup gas at average reservoir pressure, P_a , interpolated from compressibility tabulation below:

Reservoir Pressure	Z	Reservoir Pressure	Z
50	.9950	800	.9000
100	.9900	850	.8938
150	.9825	900	.8875
200	.9775	950	.8825
250	.9725	1000	.8775
300	.9625	1050	.8713
350	.9543	1100	.8643
400	.9500	1150	.8590
450	.9425	1200	.8550
500	.9363	1250	.8500
550	.9300	1300	.8450
600	.9238	1350	.8400
650	.9175	1400	.8360
700	.9113	1450	.8325
750	.9050		

RULE 8. Each month the project operator shall, within three days after the normal unit allowable for Northwest New Mexico has been established, submit to the Commission a Pressure Maintenance Project Operator's Report, on a form prescribed by the Commission, outlining thereon the data required, and requesting allowables for each of the several

-8-
CASE No. 1967
Order No. R-1638

wells in the Project as well as the total Project allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be in lieu of Form C-120 for the Project.

RULE 9. The Commission shall, upon review of the report and after any adjustments deemed necessary, calculate the allowable for each well in the Project for the next succeeding month in accordance with these rules. The sum of the allowables so calculated shall be assigned to the project and may be produced from the wells in the Project in any proportion.

RULE 10. The conversion of producing wells to injection, or the drilling of additional wells for injection, shall be done only after approval of same by the Secretary-Director of the Commission. To obtain such approval, the Project operator shall file proper application with the Commission, which application shall include the following:

(1) A plat showing location of proposed injection well, all wells within the project area, and offset operators, locating wells which offset the project area.

(2) A schematic drawing of the proposed injection well which fully describes the casing, tubing, perforated interval, and depths and showing that injection of gas will be confined into the Bisti-Lower Gallup formation.

(3) A letter stating that all offset operators to the proposed injection well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed injection well if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

ear/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 25, 1960

Mr. Burns Errebo
P. O. Box 466 - Simms Bldg.
Albuquerque, New Mexico

Dear Mr. Errebo:

On behalf of your clients, Val R. Reese & Associates
and The British-American Oil Producing Company, we
enclose two copies of Order R-1637 in Case 1891 and
two copies of Order R-1638 in Case 1867. These orders
were issued by this Commission on March 24, 1960.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Enclosures: (4)

*Copies to
Hobbs &
Ayler*

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. 1891
Order No. R-1637

APPLICATION OF VAL R. REESE & ASSOCIATES,
INC. FOR EXTENSION OF THE ESCRITO-GALLUP
OIL POOL, RIO ARRIBA COUNTY, NEW MEXICO,
AND FOR THE PROMULGATION OF SPECIAL RULES
AND REGULATIONS THEREFOR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 16, 1960, at Santa Fe, New Mexico, before the Oil
Conservation Commission of New Mexico, hereinafter referred
to as the "Commission."

NOW, on this 24th day of March, 1960, the Commission,
a quorum being present, having considered the application,
and being fully advised in the premises,

FINDS:

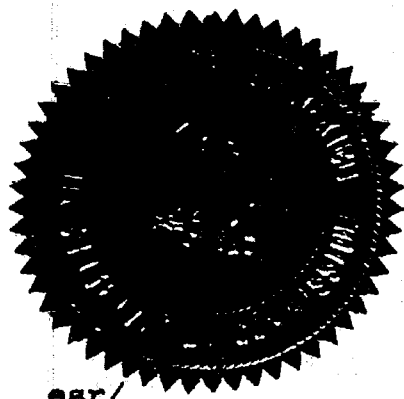
(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant requested that Case No. 1891 be
dismissed.

IT IS THEREFORE ORDERED:

That Case No. 1891 be and the same is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary