

CASE 1896: Application of the OCC
on its own motion to consider
revising RULE 701 OF THE COMMISSION
rules & regulations.

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Case No.

1898

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1898: In the matter of the hearing called by the
Oil Conservation Commission on its own motion
to consider revising Rule 701 of the Commis-
sion Rules and Regulations to provide that
all wells included within any water flood
project area as defined by Rule 701, as well
as those wells outside of the project area
which are producing into common measuring
and storage facilities with wells inside
a water flood project area, shall be tested
monthly and the results of such tests
furnished to the Commission. It is further
proposed to consider revision of Commission
Form C-120 so that the results of such tests
may be included thereon.

BEFORE:

A. L. PORTER
MURRAY MORGAN

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: We will take up next Case 1898.

MR. PAYNE: Case 1898. In the matter of the hearing
called by the Oil Conservation Commission on its own motion to con-
sider revising Rule 701 of the Commission Rules and Regulations to
provide that all wells included within any water flood project area
as defined by Rule 701, as well as those wells outside of the
project area which are producing into common measuring and storage
facilities with wells inside a water flood project area, shall be

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tested monthly and the results of such tests furnished to the Commission. It is further proposed to consider revision of Commission Form C-120 so that the results of such tests may be included thereon.

(Witness sworn.)

JOE D. RAMY

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. PAYNE:

Q Will the witness please state his name and position.

A Joe D. Ramy, proration manager for the New Mexico Oil Conservation Commission.

Q Mr. Ramy, are you familiar with Rule 701 of the Commission Rules and Regulations?

A Yes, I am.

Q And have you made a study concerning the desirability of amending this rule in certain particulars?

A Yes, I have.

Q In what respect do you propose an amendment of Rule 701?

A In the interest of allowable control, I propose that certain well tests be required. My proposed amendment reads in its entirety as follows:

"Each and every well outside a prorated water flood project

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area which is producing into common facilities with wells inside a prorated water flood project area shall be tested once each month and the results of such tests shall be reported on Form C-120."

Q If I understand your proposal correctly, it is considerably narrower than that shown in the Rules. Do you propose to require only tests on wells outside of water flood areas as defined by Rule 701, you would require only that those be tested if they are producing into common facilities with water flood oil?

A That is correct.

Q In a prorated water flood?

A Correct.

Q Now, why do you feel that this provision, this amendment is necessary, Mr. Ramy?

A I think to effectively prorate water floods, it will be necessary to be in a position to adjust these allowables on these wells outside the water flood project area. I think, without these monthly tests, why an operator may not be aware that a well will decline or has declined and consequently, he could inadvertently produce some excess water flood oil to make up for this production decline.

Q In other words, a well outside the water flood project area which is producing into common facilities with water flood oil might be carried on the proration schedule as a twenty-barrel well?

A Correct.

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Q And yet it may have declined to five barrels and the difference is being made up by the wells within a water flood project area?

A Yes, that is correct. He would have, in addition to his water flood project area allowable, he would have an extra twenty barrel allowable for that well. and I'm sure the operator, if he were able, he would make all the allowable assigned to him.

Q So it might well be then that the prorated water flood project would be producing in excess of its maximum project allowable?

A Yes.

Q And this could come about inadvertently?

A Inadvertently, I think so, yes.

Q Now, Mr. Ramy, wouldn't it be more effective if separate tankage was required for the water flood oil and the primary oil?

A Yes, I think so, but in considering the practicality of it, I think this would cause some undue hardships. There are bound to be one or two wells off to the edge, and for practical purposes, they should be put into the same battery.

Q So what you have done here, you've weighed the practicality of the situation, you weighed one hundred percent control as opposed to perhaps undue economic burden on the operator?

A I have tried to do that, yes.

Q Have you also considered the possibility of requiring separate metering of the wells outside the water flood project area which are producing into one facility with the water flood oil?



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A Yes, I've considered that, but again, I think that would cause an undue hardship on the operator where the monthly well tests would be sufficient.

Q Now, Mr. Ramy, as advertised and shown on the docket, the proposed provision would require that the wells in the prorated water flood area also be tested monthly. Do you now propose that this not be required?

A Yes. This was considered, but I think primarily we are interested in allowable control, although if we required these tests in capacity floods, it would be for information purposes only, to determine if the water flood was performing as efficiently as possible, and I think that is a primary concern of the operator involved, and I think in most cases they are doing that, and I think where we would be interested in well tests in capacity floods would be outside or offset wells which are receiving a kick from the water flood, and I think that these tests can be obtained, these tests are required.

Q Rule 701 as now drafted, requires that a test be taken prior to administrative approval of the conversion of additional wells to water injection?

A Yes, that is correct, and I think we could witness these tests.

Q You are speaking about capacity floods, correct?

A Right.

Q It was also proposed originally, or at least the docket



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and the advertisement so shows, that the wells inside a prorated water flood project would also have to be tested monthly as well as those outside?

A Yes.

Q Now, you don't propose to require any more --

A No, I don't think that would be of any importance really because we have a set and given allowable for those wells inside the prorated water flood area.

Q It is a maximum allowable, is it not?

A That's right.

Q So in certain situations, it might well be that if these tests are not required, the project would be producing somewhat in excess of what it should, but it would never be over the maximum?

A That is right.

Q Now, Mr. Ramy, do you propose that Form C-120 be revised so that the results of the tests taken on the wells outside the prorated water flood project which are producing into the common facilities, that the results of these tests will be able to be shown on Form C-120?

A Yes, I would recommend that. I think that would be the easiest for the operators, to list those wells. I don't anticipate too many wells really of this category, and I think either by adding a column or --

Q There might be a considerable number of them, might



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there not, where an operator has a unit and the water flood is prorated and he installs an ACT system?

A Yes, there is that possibility.

Q Now, do you feel that what you are proposing here is the absolute minimum for relatively effective allowable control in prorated water floods?

A I do.

Q Do you have anything further you would like to offer, Mr. Ramsey?

A No.

MR. PAYNE: That concludes the direct examination of this witness, Mr. Commissioner.

CROSS EXAMINATION

BY MR. PORTER:

Q Mr. Ramsey, you don't have a copy of any proposed revised form C-120, do you?

A No, I do not.

Q Your recommendation would merely be to add a column wherein this test would be reported?

A Yes. I think possibly two columns showing the date of the test and the production.

MR. PORTER: Anyone else have a question?

MR. CAMPBELL: Mr. Porter, I'm Jack M. Campbell of Campbell and Russell, Roswell, New Mexico. I would like to enter an appearance in this case on behalf of Graridge Corporation and ask



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Mr. Ramy a few questions.

Q (By Mr. Campbell) Mr. Ramy, would you state for the record what reports are now required with regard to production from all wells in New Mexico?

A A C-115 and I think a C-116.

Q Those are required for both wells on primary production and wells on secondary recovery, are they not?

A Yes, sir, they are.

Q And what do those forms require?

A They require the operator to list the production, and the C-115s list the per well production, oil, gas and water, and on the C-116, that is an official well test.

Q Due to the fact that a well test would have to be taken at some particular time during the month, don't you feel that actual production reports more accurately reflect down time, changing well conditions, than a test would on a particular day on a particular month?

A Possibly, however, assuming normal decline, I think sometimes the operators are a little slow or a little reluctant to report that a well has declined from fifteen to ten barrels. They have a tendency to let that ride for several months, Mr. Campbell.

Q This is not, I assume, confined entirely to secondary recovery projects, is it? I mean this same problem with regard to well changes would apply in any situation where you have common tankage for certain leases or a number of wells in the leases?



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A That's right.

Q On those cases you have to rely upon a report made by the operator in its accuracy to determine whether or not he is confining himself to the actual per well allowable whether it is secondary or primary, do you not?

A That is correct.

Q Do you have reason to believe that an additional test or additional column on a report is going to, considering the administrative expense to the operator, is going to provide you with much better information than you are able to now obtain?

A Yes, I think so. I think your C-120s are more current than your C-115s, and I think you could adjust allowables on the basis of those tests months by month whereas if you have to wait for the actual production figure on the C-115, you are sometimes two, three months behind.

Q Have you made any study to determine in prorated floods, which I now understand you are confining your suggestion as to the number of wells that might be involved outside project areas but within the unit that may be producing into an ACT unit.

A No, sir, I have not. I don't know of any ACT unit on prorated floods as yet.

Q Of course the number of prorated floods as of now is rather limited, is it not?

A That is correct.

Q If an ACT unit is installed on prorated floods which



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have been unitized, as I understand your present proposal, you would require each month a testing of every well outside the prorated area that was producing into the LACT unit?

A Correct.

Q Mr. Rany, can't you conceive of a situation where you might, under those circumstances, have a very large number of wells outside the project area which would have to be tested each month?

A Yes, and I think before you have a very large number of wells, the tests would be more important because of a greater allowable difference to play with.

Q Certainly, and you might have wells far removed from the actual project area where the fluxuation is not varied or where there are very low producing wells at the outset, might you not?

A If you take eighty wells that have an allowable of ten barrels a day which have a capacity of two barrels a day, that gives you eight times eighty is six hundred forty barrels a day, which you could visualize.

Q You might have a large number of wells which decline very slightly over a period of time, could you not?

A That's correct.

Q What type of testing is normally done? I don't know, what is involved in testing wells, or what type of test do you propose?

A I would propose just a monthly well test either through a header or through the separator. I think -- Let me add this further



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I think most of your big units in the Caprock are set up to where approximately six wells go through a header system which enables the operator to test the wells once a month. Now, these, I know, are in wells that are active in the water flood area. As to the remainder of them, I do not know.

Q If the rule which you are now proposing is put into effect, it might require additional personnel to handle the testing or anything of that sort?

A I think it could, yes, Mr. Campbell.

MR. CAMPBELL: That's all the questions I have.

MR. PORTER: Anyone else have a question?

MR. PAYNE: Yes, sir.

REDIRECT EXAMINATION

BY MR. PAYNE:

Q Mr. Remy, it is, of course, as Mr. Campbell pointed out, possible, is it not, for wells on primary to be producing more than their allowable?

A I think that is possible, yes.

Q Now, assuming that you have ten wells on a lease and the top unit allowable per well is thirty-six, the maximum that that operator can produce, even by the inadvertent judging of the figures, would be three hundred and sixty barrels?

A Correct.

Q If you have a prorated water flood project for each well and has an allowable of forty-two barrels, that's both injection



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and producing wells, its maximum project allowable would be four hundred twenty barrels?

A Yes, with ten wells.

Q Now, is it possible in that case, if you have wells outside of the project area producing into that same battery, that he can get above the four hundred twenty maximum project allowable?

A Yes, it is very possible he would have this four hundred twenty plus the assigned allowable for the wells going into the same battery.

Q So that you don't have a comparable situation here when you are trying to compare it with primary production?

A No, I do not in one sense.

Q Now, isn't it also true, Mr. Ramy, at least in all recent automatic custody orders that this Commission has entered, that each of those contains a provision that the operator shall install adequate facilities to permit the testing of each well once each month to determine the production from that well?

A That is correct.

Q So that your proposal is not going to require any additional mechanical installations.

A No.

Q Because those are required now in the ACT orders?

A Correct, and I think that with an average ACT system, why the operator probably needs to test those wells once a month any way, if possible once a month, to insure that they know where the



production is coming from.

Q Yes, that's another point, Mr. Ramy, the production tests are really nothing more than an estimate at best, is that right?

A That is right.

Q Because you say you have sixteen wells producing into a common tank battery, and unless you test the wells, you don't know how much is coming from any well?

A That is correct.

MR. PAYNE: That's all, thank you.

MR. PORTER: Any further questions of Mr. Ramy?

MR. KELLY: I would like to make a statement on behalf of Texaco. William D. Kelly, Gilbert, White, and Gilbert. The proposed revision in Rule 701 would cause an administrative burden and result in duplication. Such requirement in reporting well tests would be repetition, similar data presently being submitted in Form C-115. Any prudent operator preparing Form C-115 will use the latest available test in calculating the monthly production. Because of this duplication, Texaco feels that this would be an administrative burden on the operator also. Also, in the course of time, Texaco believes that this will put an administrative burden on the Commission. Texaco believes that the present method of reporting monthly by well on Form C-115 will supply the Commission with data to keep it fully advised on the amount of production of wells outside water flood project areas. Therefore, Texaco questions the necessity of reporting monthly well tests.

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MR. PORTER: Anyone else have a statement to make?

MR. ERREBO: Burns Errebo, Modrall, Seymour, Sperling, Roehl, and Harris, Albuquerque, on behalf of Socony Mobil Oil. I have a prepared statement. Socony Mobile Company feels that reporting of monthly well tests on both the wells in and associated with water flood areas, will require additional reporting work load, and an expense not equal to the value of such reporting. It is respectfully requested that the Commission retain Rule 701 as it now stands or consider reporting such well tests on a schedule of once every three months.

MR. ANDERSON: I am R. M. Anderson of Sinclair Gas Company. We have considered this matter and we are of similar opinion to the other two gentlemen that just spoke. We believe that the individual production is being adequately reported each month on Form C-115. We feel that any modification of Form C-115 would tend to provide duplication of that type of data and would be just a duplication and would result in unnecessary administrative expense. One other thought, we have, on the testing of the wells in a water flood area, an operator is particularly anxious to know what his wells in the area are doing and what the wells in near proximity to the area are doing in order to evaluate his flood and to continue to evaluate it, so in those areas an operator will have even a better idea of the capability of his wells, and therefore, I believe that the C-115's that are turned in for the water flood areas more accurately reflect the individual well production than they would tend to do in

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primary areas.

In order to prepare C-115s, the operator has to have information from the field, from his pumpers, gaugers, that are actually producing the wells, and those men know, they know from working with the wells what those wells can do. They know from short tests, not official gas oil ratio tests through test separators or test equipment, but through short tests of several hours duration whenever they get a chance through the week. They test their wells often enough so that they know what the wells are doing, and we make up our reports and other operators do too, I'm sure, on the basis of that information from the field, so we feel it is unnecessary to run special tests and we feel that it is unnecessary to require any additional reports than the C-115 that we are reporting now.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, representing Continental Oil Company. Continental Oil Company does not at the present time have any water flood projects, but they do have some such projects under contemplation, and it is the feeling of Continental that the information required by these tests is presently available to the Commission, and that the additional testing and reporting in particular, would, even though restricted in the case as advertised, those tests would still pose an undue and unnecessary burden on the operators. If such testing is felt necessary, it is Continental's position that a semi-annual test at the most is all that would be necessary to give the Commission the information required under this proposal.

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MR. CAMPBELL: If the Commission please, Jack M. Campbell, Cambell and Russell, Roswell New Mexico, appearing for Graridge Corporation. It is the position of Graridge Corporation that although they at the present time have no projects which as I understand Mr. Ramy testified would be in effect by this proposed rule, inasmuch as all of their projects were operating at the time the prorated water flood system went into effect, they too, perhaps in the future will be affected by this rule. It is the feeling of Graridge that the actual production reports, and I think the Commission must assume their accuracy, if there is any indication that they are not accurate, the Commission has ample authority to require testing of any nature. They must assume the accuracy of these reports, whether the reports be based on primary production or secondary production, or a combination of both. Actually, the production records over a longer time reflect more accurately the actual production of a well than a well test at a particular time. It is true that water flood operators do take a selective well test for engineering and operational purposes, but that is quite different from being required to take monthly tests perhaps on a large number of wells outside of a project area on occasions being quite removed in distance producing into an ACT unit. Certainly we sympathize with the desires of the Commission to make certain within a reasonable basis, the accuracy of reporting of all well production, whether it be in primary production or whether it be in water floods, but it seems to us that the amount of information and the nature of informa-



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tion that would be obtained from this type of a test would not add a sufficient amount of accuracy or information for the Commission to justify what is obviously an additional added expense and require additional field personnel. It is true that all of the LACT units have to have individual well testing equipment, and any time The Commission requires it, I assume they could require that any test be made on those individual wells if there was any reasonable doubt about what the operator put in his report, and that is going to be true whatever type of production you have. It appears to me that this type of rule simply will not provide a sufficient amount of more accurate information than you receive to justify the operators additional expense. We feel that if such a program is necessary, that the test should not be required more often than six months, and of course, when an allowable increase is requested for a well, or where there is water injection to the well, you have to take a test in any event. I would like to also suggest this, Mr. Ramsey's suggestion here this morning was to some extent modifying what appeared in the original notice, and it seems to me it might be appropriate if the staff could prepare a change in the rule, an actual amendment of the rule, so that the operators could be furnished with it and perhaps given a period of ten days time or something in which they could submit written statements with regard to it because it is considerably different from what the -- I originally understood was the proposal of the Commission staff, and it may be that some of the objections on the new proposal would not be quite as serious



as would have been made on what we considered to be the original proposal.

MR. KASTLER: Bill Kastler, appearing for Gulf Oil Corporation. Gulf feels that the data presently reported on Forms C-115 and C-120 contain adequate information for the Commission to be fully advised on the current progress of the water flood project, and that the requirement to conduct and report monthly well tests would be burdensome on the water flood operators.

MR. PAYNE: I might say, first, Mr. Commissioner, that we received an objection from Ambassador Oil Corporation. It isn't entirely clear whether its objection is to the proposed rule as advertised or whether it goes to the requirement of any well test.

I would like to say this, though, on behalf of Mr. Ramy and myself. The Commission has entered an order prorating water flood projects now, the proration manager of this Commission, who is more familiar with proration than perhaps any one else, has testified that you can't properly prorate water floods unless you have some control over wells outside of the project area which are producing into common facilities with that water flood oil. Now, there might be some merit in these objections if they went to the rule, proposed rule as advertised and as shown on this docket, but there is no duplication here. This is a test which is not required at present and which the operators do not take. The tests which he proposes be required are tests on primary wells, they are not water flood wells at all, they are outside the water flood project.

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The production that is presently being attributed to these wells as shown on the C-115 is a rough estimate at best. The witness has also pointed out that the Form C-120 is more current than the Form C-115. Therefore, giving us a more up-to-date allowable control in these prorated water flood projects.

I would also like to state that if you really wanted to control the production from prorated water food projects, you should require separate tankage, but the witness being practical and understanding the position of the operators and Commission, has not required that separate tankage or even separate metering be installed. The most he has asked and which he says is the bare minimum, is that the primary wells producing into common facilities with water flood wells be tested once each month. It seems to me that this is a very reasonable proposal if you intend to achieve what you hope to achieve when you enter an order prorating water floods.

MR. PORTER: Anyone else have a statement? The Commission feels that at least one of Mr. Campbell's points is well taken, that was the one in which he referred to the revision which was made here at the hearing. It is quite different from the rule, proposed rule, which has been circulated. The Commission will delay a decision or the entrance of an order for a period of thirty days. In the meantime, we will circulate the rule, the proposed rule as recommended by Mr. Ramy here this morning to our mailing list and invite the reactions of any interest parties.

MR. PAYNE: Is it my understanding, Mr. Commissioner,

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that you are, however, taking the case under advisement?

MR. PORTER: We are taking the case under advisement.

This is not a continuation of the case.

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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 15th day of March, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:

October 5, 1960



HUMBLE OIL & REFINING COMPANY

PRODUCTION DEPARTMENT WESTERN DIVISION

P. O. BOX 1600

MIDLAND, TEXAS

February 26, 1960

R. R. MCCARTY
MANAGER

J. S. BOLDRICK
OPERATIONS SUPERINTENDENT

H. L. HENSLEY
OPERATIONS SUPERINTENDENT

H. E. MEADOWS
ENGINEERING COORDINATOR

A. J. BEDFORD
ADMINISTRATIVE COORDINATOR

6-1

New Mexico Proration

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

Attention: Mr. A. L. Porter, Jr.

Dear Sir:

With reference to your memorandum of February 17, 1960, referring to a proposed revision of Rule 701, this is to state that Humble Oil & Refining Company is in accord with the proposed revision.

Sincerely yours,

HUMBLE OIL & REFINING COMPANY

R. R. MCCARTY

By:

Henry E. Meadows
Henry E. Meadows

WSD/sm

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

- ALLOWABLE: (1) Consideration of the Oil Allowable for March, 1960.
- (2) Consideration of the allowable production of gas for March 1960 from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for March, 1960.

NEW CASES

CASE 1897:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Cities Service Oil Company to appear and show cause why the use of dual-zone pumping equipment should not be discontinued in the State "P" Well No. 3, located 990 feet from the South and West lines of Section 32, Township 22 South, Range 38 East, Blinebry Oil Pool and South Paddock Pool, Lea County, New Mexico.

CASE 1898:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider revising Rule 701 of the Commission Rules and Regulations to provide that all wells included within any water flood project area as defined by Rule 701, as well as those wells outside of the project area which are producing into common measuring and storage facilities with wells inside a water flood project area, shall be tested monthly and the results of of such tests furnished to the Commission. It is further proposed to consider revision of Commission Form C-120 so that the results of such tests may be included thereon.

CASE 1899:

Southeastern New Mexico nomenclature case calling for an order for the creation of new pools, the extension of existing pools and the deletion of a portion of a pool in Lea, Chaves, Eddy and Roosevelt Counties, New Mexico:

- (a) Create a new oil pool for Blinebry production, designated as the West Blinebry Pool, and described as:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 3: SW/4

- (b) Create a new gas pool for Wolfcamp production, designated as the Bluit-Wolfcamp Gas Pool, and described as:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM
Section 33: SW/4

- (c) Create a new oil pool for San Andres production, designated as the Buffalo Valley-San Andres Pool, and described as:

TOWNSHIP 14 SOUTH, RANGE 31 EAST, NMPM
Section 35: SW/4

- (d) Create a new oil pool for Abo production, designated as the Corbin-Abo Pool, and described as:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 31: NW/4

SINCLAIR OIL & GAS COMPANY

SINCLAIR OIL BUILDING

TULSA, OKLAHOMA

March 2, 1960

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

Dear Mr. Porter:

Your memorandum of February 17, 1960 transmitted a proposed revision of Rule 701 which would require all wells outside a prorated water flood project area that produce into common facilities with wells inside the project area, to be tested once each month and the results reported to the Commission.

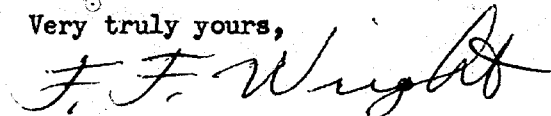
While we have no water floods yet in New Mexico, we appreciate the Commission's wish to keep up with the progress of these projects and we share their concern in getting this information in the best way possible.

In examining the reports submitted in New Mexico, we notice that all wells' production is now reported and certified on Form 115 monthly. It appears that this report should contain the information desired by the Commission. However, in reviewing our Form 115 files, in this office, we note the difficult task of finding and identifying particular wells, leases or fields. Possibly, the Commission Staff has this same experience with their more numerous copies of Form 115.

Therefore, it seems that a practical answer to the Commission's problem would be to have the operators arrange these Form 115 reports by projects, or otherwise, for convenience in finding and using this information, rather than requiring additional field work in testing the wells. Surely if these Form 115 reports are certified, this information should be satisfactory.

However, if the Commission still feels that it wants the separate tests on the individual wells each month, it seems that this information could then be deleted from Commission Form C-115 in the interest of avoiding duplication. Which ever way the question is settled we know that the Commission and Operators will continue their fine cooperative efforts to get the highest ultimate recovery from New Mexico's rich oil fields and thereby produce the greatest good for her citizens.

Very truly yours,



F. F. Wright

FFW/MB



CITIES SERVICE OIL COMPANY

D. D. Bodle
Division Superintendent

BOX 97
HOBBS, NEW MEXICO

March 4, 1960

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

Attn: Mr. A. L. Porter, Jr.

Re: Proposed Revision of Rule 701

Gentlemen:

Cities Service Oil Company opposes the proposed amendment to Rule 701 in Case No. 1898. It is believed the information requested by amendment to Rule 701 will duplicate that information now reported on Form C-115, which reflects the monthly production of individual wells normally based on well tests. So long as the wells outside a waterflood project area are producing into common facilities with wells inside a waterflood project area, the wells would no doubt be in a stripper stage, declining very little each month. Therefore, the production data reported on Form C-115 should be adequate for proration purposes.

When a well or wells outside a prorated waterflood project area begin to receive response from the flood, a diligent operator would request that the well or its offset be converted to an injection well. The well or wells would then be considered in the project area and production would be reported on Form C-115 as requested by the current Rule 701.

The amendment as proposed, in our opinion, would require unnecessary well tests and add the burden of additional clerical time for filing production data on Form C-120 which would be reported the same month on Form C-115.

For the above reasons, Cities Service Oil Company recommends that Rule 701 not be amended but rather remain as now in effect.

Very truly yours,


D. D. Bodle
Division Superintendent

EFM/gk



PETROLEUM AND ITS PRODUCTS

ROSWELL DISTRICT

W. A. SHELLSHEAR
District Manager

F. O. MORTLOCK
District Exploration Manager

M. I. TAYLOR
District Production Manager

G. A. PRICE
District Services Manager

GULF OIL CORPORATION

P. O. DRAWER 669 • ROSWELL, NEW MEXICO

March 14, 1960

FORT WORTH
PRODUCTION DIVISION

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

In compliance with the Commission's request that interested operators submit a written statement expressing their views on proposed Rule 701 as amended, Gulf Oil Corporation hereby submits the following information:

We feel that the existing method of reporting well production on Form C-115 and Form C-120 should suffice for accuracy purposes. The operator certifies that the information is true and correct to the best of his knowledge. Based on Commission approvals in the past and limitation on water flood expansion, it is apparent that water floods will not be inaugurated in New Mexico in the future except in stripper properties. These properties, of course, are those producing approximately ten barrels or less per day, and generally having little or no decline. Offsetting wells will have about the same productivity because of drainage. It is an established fact that production from wells of this type is maintained at essentially a constant level over periods of many years. For this reason, offsetting wells to a water flood area will have little change in productive capacity from year to year. Since these rates remain essentially constant for long periods of time, we feel that there will be very little variation and therefore, no need for frequent testing as proposed. We believe that monthly tests for wells outside a project area are not warranted. If the Commission finds it necessary to require these tests however, we recommend that they be required no more often than quarterly, and prefer tests on a semiannual basis.

Yours very truly,

W. A. Shellshear

JHH:ers



CONTINENTAL OIL COMPANY

825 PETROLEUM BUILDING
ROSWELL, NEW MEXICO

March 7, 1960

WM. A. MEAD
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

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

Gentlemen:

Re: Proposed Revision of
Rule 701

In regard to the proposed revision of Rule 701, we offer the following comments and recommendation.

We believe that the revisions as set out in Rule 701 would impose an undue hardship on operators in waterflood projects. With more and more centralized battery installations becoming approved for use by the industry, more and more waterflood projects would become affected by the proposed revision. This could involve a voluminous amount of testing and paper work for some operators to be done on a monthly basis. We feel that such test information is necessary, but not on a monthly basis.

We recommend that semi-annual tests be conducted and that these should be adequate to provide the required information.

WAM-PD

Very truly yours,

P I O N E E R I N G I N P E T R O L E U M P R O G R E S S S I N C E 1 8 7 5

GRARIDGE CORPORATION

IBEX BUILDING

POST OFFICE BOX 732

BRECKENRIDGE, TEXAS

March 14, 1960

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

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

Re: Proposed Revision of
Rule 701 as set out
in Case 1898

Gentlemen:

As we understand the proposed revision, our present waterfloods covering some four projects will not be affected. However, we plan to install future projects which will be affected.

We have thoroughly studied the provisions and understand why the Commission must be kept informed of well producing capacity. Furthermore, we feel that proper waterflood operations require monthly tests on all wells affected by water injection. However, based on our experiences in some 2½ years of waterflooding in New Mexico, we believe the policy of testing every well every month will be an undue financial hardship on the operator. For instance, during two years of flooding at Caprock we have had an average of 35 wells capable of making only a barrel or so per day. Economics dictate that we should not test such wells every month.

We respectfully suggest that a regular GOR well test taken every six months on all wells should give sufficient control on the specific wells in question if a provision is made whereby the allowable on such wells can not be raised unless a substantiating well test on Form C-116 is submitted.

New Mexico Oil Conservation Commission
Page 2
March 14, 1960

This test information coupled with the monthly oil and water production from each well which is submitted monthly on Commission Form C-120 should keep the Commission properly informed and allow the maintaining of equities among the operators.

Very truly yours,

GRARIDGE CORPORATION



T. A. Ford
Manager of Production

TAF/lt

cc: Mr. Jack Campbell
Ambassador Oil Corporation
Great Western Drilling Company
Gulf Oil Corporation



Mobil Oil Company

A Division of Socony Mobil Oil Company, Inc.

P. O. Box 2406
Hobbs, New Mexico

March 16, 1960

Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

As requested by the Commission, Socony Mobil Oil Company, Inc. offers the following comments and recommendations regarding the revision of Rule 701 as proposed by the Commission.

Socony Mobil Oil Company, Inc. believes that the monthly reporting of well tests on only the wells outside a waterflood project area with common tankage will be an undue hardship for all operators. The value or benefit of such a procedure would be insignificant as compared to the additional expense required.

Socony Mobil Oil Company, Inc. recommends that the Commission not revise the Rule 701. However, if Rule 701 is revised, it is recommended that the testing and reporting should be done on a quarterly basis, once every three months. A test every three months on wells outside the project area will afford the well performance information required and minimize the work load of both the Commission and operators concerned.

Yours very truly,

SOCONY MOBIL OIL COMPANY, INC.

C. H. Samples
District Superintendent

JCG/nrh

March 10, 1960

S T A T E M E N T

The proposed revision in Rule 701 will cause an administrative burden and result in duplication. Such requirement of reporting well tests will be a repetition of similar data presently being submitted on Commission Form C-115. Any prudent operator, in preparing the Form C-115, will use the latest available test in calculating the monthly production. Because of this duplication Texaco feels that this will be an administrative burden on the operator, also, in the course of time Texaco believes that this will become an administrative burden upon the Commission. Texaco believes the present method of reporting monthly production by well on Form C-115 will supply the Commission with adequate data to keep it fully advised of the amount of production of wells outside the water flood project area, therefore, Texaco questions the necessity of reporting monthly well tests.

PHILLIPS PETROLEUM COMPANY

PRODUCTION DEPARTMENT
L. E. FITZJARRALD
VICE PRESIDENT

BARTLESVILLE, OKLAHOMA

March 15, 1960

EARL GRIFFIN
GENERAL SUPERINTENDENT
JACK TARNER
TECHNICAL ADVISER TO VICE PRES.
H. S. KELLY
CHIEF ENGINEER

In re: Proposed Revision of Rule 701 - Case No. 1898

Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Porter:

In response to your Memo. No. 2-60 dated February 17, 1960, I am thankful for the opportunity of presenting the views of my Company and myself with respect to the revision of Commission Rule 701 as recommended by Mr. Joe Ramey.

At the original hearing on water floods, Case No. 1787 on October 14, 1959, Phillips Petroleum Company recommended that water flood allowables be assigned on a lease or unit basis, being the daily per well water flood allowable multiplied by the number of input and producing wells on the lease or unit. The impracticability of restricting the per well water flood allowable to wells offsetting the input wells was pointed out.

Phillips Petroleum Company continues to believe that a water flood allowable should be on a lease or unit basis. Such an allowable system would make it unnecessary to make monthly individual well tests, which are expensive to take and, because of short test duration, are valueless.

Yours very truly,

L. E. Fitzjarrald

L. E. Fitzjarrald

LEF:OPN:HD
AIR MAIL

It's Performance That Counts
FLITE-FUEL — TROP-ARTIC

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = International
Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

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NEW MEXICO OIL CONSERVATION COMMISSION=
STATE CAPITOL BLDG SANTA FE NMEX=

Casey

ATTN MR A L PORTER

REGARDING FEBRUARY 17 1960 DOCKET CASE NO. 1898
CATLED BY THE OIL CONSERVATION COMMISSION WE ARE SORRY
THAT WE COULD NOT BE PERSONALLY REPRESENTED BUT WE WOULD
LIKE TO GO ON RECORD AS SUPPORTING COMPLETELY THE
OBJECTIONS OFFERED BY GRARIDGE CORPORATION TO REVISING
COMMISSION RULE 701. WE FEEL THEIR INDICATED OBJECTIONS
ARE WELL BASED UPON SOUND REASONING AND ARE DEFINITELY

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

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IN THE INTERESTS OF EFFICIENT OPERATIONS=

AMBASSADOR OIL CORP EY ROBERT H VICK==

17 1960 1898 701

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

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. 1898
Order No. R-1644

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO
CONSIDER A REVISION OF RULE 701 TO
REQUIRE CERTAIN WELL TESTS AND TO
CONSIDER REVISION OF COMMISSION
FORM C-120.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 4th day of April, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the evidence presented establishes that in order to effectively prorate waterflood projects, monthly tests should be conducted on all wells outside a prorated waterflood project area as defined in this Rule which are producing into common facilities with wells inside a prorated waterflood project area.
- (3) That Rule 701 of the Commission Rules and Regulations should be revised by the inclusion of the following provision between the third and fourth paragraphs of Section E (3) of said Rule 701:

Each and every well outside a prorated waterflood project area which is producing into common facilities with wells inside a prorated waterflood project area shall be tested once each month and the results of such tests shall be included on the monthly Commission Form C-120 filed for said project.

-2-
CASE No. 1898
Order No. R-1644

(4) That Commission Form C-120 should be revised so that the result of said well tests can be furnished thereon.

(5) That for good cause shown, the Secretary-Director should have the authority to grant exceptions to said testing requirements.

IT IS THEREFORE ORDERED:

(1) That Rule 701 of the Commission Rules and Regulations, be and the same is hereby revised to include the following provisions between the third and fourth paragraphs of Section E (3) of said Rule 701:

Each and every well outside a prorated waterflood project area which is producing into common facilities with wells inside a prorated waterflood project area shall be tested once each month and the results of such tests shall be included on the monthly Commission Form C-120 filed for said project.

The Secretary-Director is empowered to grant exceptions to this provision without notice and hearing when an application therefor is filed in due form, and the facts presented justify such exception.

(2) That Commission Form C-120, be and the same is hereby revised as shown in Appendix "A", attached hereto and made a part hereof.

(3) That the effective date of this order is May 1, 1960.

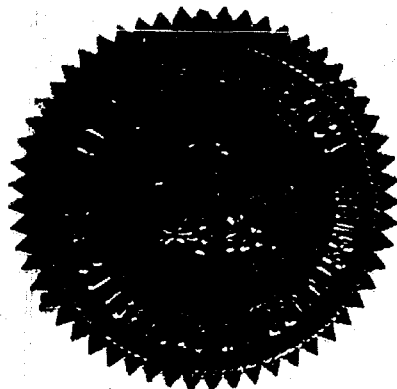
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

M. E. Morgan
MURRAY E. MORGAN, Member

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



esr/

COMPANY	FOOL	
COUNTY	MONTH	19

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REMARKS	NAME

TITLE