

CASE 2810: HEARING CALLED BY THE
OCC for the revision of RULE 401.

CASE No.
2210

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

No. 14-63

DOCKET: REGULAR HEARING - WEDNESDAY - MAY 15, 1963

OIL CONSERVATION COMMISSION - 9 A.M. ELKS CLUB, 200 NORTH RICHARDSON
AVENUE, ROSWELL, NEW MEXICO

ALLOWABLE: (1) Consideration of the oil allowable for June, 1963.

(2) Consideration of the allowable production of gas for June, 1963, from ten prorated pools in Lea and Eddy Counties, New Mexico, and also presentation of purchasers' nominations for said pools for the six-month period beginning July 1, 1963; consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for June, 1963.

CASE 2802: Application of J. R. Cone for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cone Jalmat Yates Pool Unit Area comprising 1,760 acres of State land in Township 22 South, Range 35 East, Lea County, New Mexico.

CASE 2803: Application of J. R. Cone for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Yates formation, Jalmat Pool, through 4 wells located in Units J, L and N of Section 13, and Unit D of Section 24, Township 22 South, Range 35 East, Lea County, New Mexico.

CASE 2804: Application of John W. Gates for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the White City-Pennsylvanian Gas Pool underlying all of Section 29, Township 24 South, Range 26 East, Eddy County, New Mexico.

CASE 2805: Application of Newmont Oil Company for an amendment of Order No. R-2178-B. Applicant, in the above-styled cause, seeks an amendment of Order No. R-2178-B, which order established an administrative procedure for expansion by stages of the Loco Hills Sand Unit Waterflood Project, Eddy County, New Mexico. Said amendment is necessitated by unexpected delay in commencing initial injection in the unit area.

CASE 2806: Application of Sun Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause

seeks an order force pooling all mineral interests in the Oil-Center Blinebry Pool underlying the W/2 SW/4 of Section 3, Township 21 South, Range 36 East, Lea County, New Mexico.

CASE 2807: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider a revision of Rule 1301 of the Commission Rules and Regulations to include Grant, Sierra, Hidalgo, and Luna Counties in Oil Conservation Commission District No. 2, headquarters Artesia, New Mexico.

CASE 2808: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider a revision of Rule 112 of the Commission Rules and Regulations to permit the administrative approval by the Secretary-Director of the Commission of triple completions (conventional).

CASE 2809: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider a revision of Rule 701-B, 701-C, and 701-E of the Commission Rules and Regulations insofar as said rules relate to the method of making application for hearings or administrative approval for injection or disposal wells.

CASE 2810: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Rule 401 of the Commission Rules and Regulations to require open flow potential tests of natural gas wells upon completion and after workovers only rather than annually as now required.

CASE 2811: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Rule 402 of the Commission Rules and Regulations to require shut-in pressures of natural gas wells annually only rather than semi-annually as now required.

CASE 2812: Southeastern New Mexico nomenclature case calling for an order for the creation, contraction, abolishment, and extension of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) Create a new gas pool for Strawn production, designated as the Antelope Sink-Strawn Gas Pool, and described as:

TOWNSHIP 18 SOUTH, RANGE 23 EAST, NMPM
Section 30: All

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

TOWNSHIP 17 SOUTH, RANGE 37 EAST, N4PM

Section 9: S/2
Section 16: NW/4
Section 17: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 25: NW/4

- (d) Contract the Robinson (Grayburg-San Andres) Pool in Eddy and Lea Counties, New Mexico, by deletion of the following-described acreage in Eddy County:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 25: S/2 and S/2 NE/4
Section 35: All
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 1: S/2 and E/2 NW/4
Section 2: All
Section 11: E/2 and N/2 NW/4

- (e) Abolish the North Robinson-Queen-Grayburg-San Andres Pool in Eddy County, described as:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 24: NE/4

- (f) Extend the Grayburg-Jackson Pool to include:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 24: W/2 SE/4 and SW/4 NE/4
Section 25: S/2 and NE/4
Section 35: All
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 1: N/2 and E/2 SE/4
Section 2: All
Section 11: All

- (g) Extend the Artesia Pool to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 24: SE/4

- (h) Extend the Corral Canyon-Delaware Pool to include:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM
Section 17: W/2 SW/4
Section 20: NW/4 NW/4

- (i) Extend the Henshaw-Wolfcamp Pool to include:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 23: SE/4

- (j) Extend the High Lonesome Pool to include:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 20: E/2 E/2

- (k) Extend the Inbe-Pennsylvanian Pool to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 18: W/2 NE/4 and NW/4

- (l) Extend the North Justis-Blinebry Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 2: S/2 NE/4 and SE/4

- (m) Extend the North Justis-Devonian Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 2: SW/4

- (n) Extend the North Justis-Tubb Drinkard Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 2: SW/4

- (o) Extend the Pearl-Queen Pool to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 36: SE/4

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 1: N/2 NE/4

- (p) Extend the Sawyer-San Andres Gas Pool to include:

TOWNSHIP 9 SOUTH, RANGE 38 EAST, NMPM
Section 31: SE/4

- (q) Extend the Vacuum-Devonian Pool to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 35: NE/4
Section 36: NW/4

- (r) Extend the Vacuum-Glorieta Pool to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 36: SW/4

- (s) Extend the Wantz-Abo Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 26: SW/4
Section 35: W/2

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: All

- (t) Extend the West Henshaw-Grayburg Pool to include:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 33: S/2 SE/4
Section 34: SW/4 SW/4

- (u) Extend the Diablo-San Andres Pool to include:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 21: NE/4 NE/4
Section 22: NW/4 NW/4

- (v) Extend the Windmill-San Andres Pool to include:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 10: W/2 SW/4
Section 15: NW/4 NW/4

- (w) Extend the West Allison-Pennsylvanian Pool to include:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM
Section 36: NE/4

- (x) Extend the Milnesand-San Andres Pool to include:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM

Section 1: S/2 SE/4

Section 12: NE/4

Section 24: SW/4

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM

Section 5: N/2 SE/4

- (y) Extend the South Prairie-Pennsylvanian Pool to include:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM

Section 15: SE/4

CASE 2813:

Northwestern New Mexico nomenclature case calling for an order extending certain existing pools in Rio Arriba, San Juan, and Sandoval Counties, New Mexico.

- (a) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 14: SW/4

Section 23: N/2

Section 24: NW/4

- (b) Extend the Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

Section 20: S/2

- (c) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 2 WEST, NMPM

Section 2: All

Section 3: E/2

Section 11: All

Section 12: W/2

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

Section 34: SW/4

- (d) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 32 NORTH, RANGE 5 WEST, NMPM

Partial Section 18: All

Partial Section 19: All

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- (e) Extend the Puerto Chiquito-Gallup Oil Pool to include:

TOWNSHIP 27 NORTH, RANGE 1 EAST, NMPM
Section 20: SE/4 SW/4

- (f) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 15 WEST, NMPM
Section 10: SE/4 SW/4

iqg/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2810
Order No. R-2491

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO
CONSIDER THE REVISION OF RULE 401
OF THE COMMISSION RULES AND REG-
ULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 15, 1963, at Roswell, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of May, 1963, 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 there is need for a revision of Rule 401 of the Commission Rules and Regulations to eliminate the necessity of determining the open flow potential of all gas wells annually, except where such annual tests are required by special rules and regulations, and to require such tests only after initial connection of a well to a gas transportation facility or after reconnection following workovers.

(3) That said rule should also be revised to require that all wells tested in accordance with said rule shall be tested in a uniform manner, that being the method prescribed by the New Mexico Oil Conservation Commission "Manual for Back-Pressure Test for Natural Gas Wells."

(4) That approval of the proposed rule change will enable the Oil Conservation Commission to more efficiently administer the laws of the State of New Mexico as they relate to conservation of oil and gas.

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CASE No. 2810
Order No. R-2491

IT IS THEREFORE ORDERED:

(1) That Rule 401 of the Commission Rules and Regulations be and the same is hereby revised to read in its entirety as follows:

RULE 401. METHOD OF DETERMINING NATURAL GAS WELL POTENTIAL

All operators shall conduct tests to determine the daily open flow potential volumes of all natural gas wells from which gas is being used or marketed. Such tests shall be reported on forms prescribed by the Commission within 60 days after: (1) the date of initial connection of the well to a gas transportation facility and (2) the date of reconnection following workover.

To establish comparable open flow capacity, wells shall be tested in accordance with the New Mexico Oil Conservation Commission "Manual for Back-Pressure Test for Natural Gas Wells." In the event the Commission approves an alternate method for testing, all wells producing from a common source of supply shall be tested in a uniform and comparable manner.

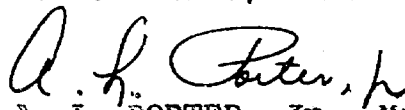
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

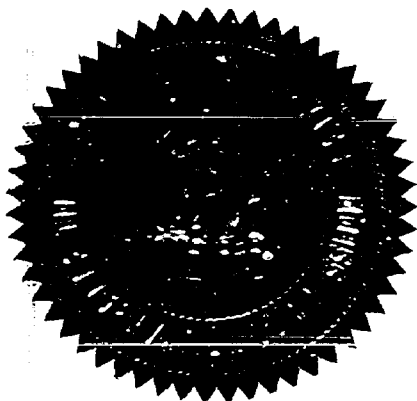
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


E. S. WALKER, Member


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




esr/

DRAFT

DSN/esr
May 21, 1963

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. 2810

Order No. R- 2491

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO
CONSIDER THE REVISION OF RULE 401
OF THE COMMISSION RULES AND REG-
ULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Roswell,

This cause came on for hearing at 9 o'clock a.m. on
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vation Commission of New Mexico, hereinafter referred to as the
"Commission."

NOW, on this _____ day of May, 1963, the Commission,
a quorum being present, having considered the testimony presented
and the exhibits received at said hearing, and being fully advised
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FINDS:

(1) That due public notice having been given as required by
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(2) That there is need for a revision of Rule 401 of the
Commission Rules and Regulations to eliminate the necessity
of determining the open flow potential of all gas wells annually,
except where such annual tests are required by special rules
and regulations, and to require such tests only after initial
connection of a well to a gas transportation facility or after
reconnection following workovers.

(3) That said rule should also be revised to require that
all wells tested in accordance with said rule shall be tested in
a uniform manner, that being the method prescribed by the New
Mexico Oil Conservation Commission "Manual for Back-Pressure Test
For Natural Gas Wells."

(4) That approval of the proposed rule change will enable

the Oil Conservation Commission to more efficiently administer the laws of the State of New Mexico as they relate to conservation of oil and gas.

IT IS THEREFORE ORDERED:

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To establish comparable open flow capacity, wells shall be tested in accordance with the New Mexico Oil Conservation Commission "Manual for Back-Pressure Test For Natural Gas Wells." In the event the Commission approves an alternate method for testing, all wells producing from a common source of supply shall be tested in a uniform and comparable manner.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

NEW MEXICO OIL CONSERVATION COMMISSION

EXHIBIT "A"

CASE NO. 2810

RULE 401. METHOD OF DETERMINING NATURAL GAS WELL POTENTIAL

All operators shall conduct tests to determine the daily open flow potential volumes of all natural gas wells from which gas is being used or marketed. Such tests shall be reported on forms prescribed by the Commission within 60 days after the date of initial connection of the well to a gas transportation facility and the date of reconnection following workover.

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NEW MEXICO OIL CONSERVATION COMMISSION

EXHIBIT "A"

CASE NO. 2810

RULE 401. METHOD OF DETERMINING NATURAL GAS WELL POTENTIAL

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 ALBUQUERQUE, N. M.
 PHONE 243-6691

BEFORE THE
 OIL CONSERVATION COMMISSION
 Roswell, New Mexico
 May 15, 1963

IN THE MATTER OF:

The hearing called by the Oil Conservation Commission on its own motion to consider the revision of Rule 401 of the Commission Rules and Regulations to require open flow potential tests of natural gas wells upon completion and after workovers only rather than annually as now required.

Case 2810

BEFORE: Honorable Jack M. Campbell
 Mr. A. L. "Pete" Porter
 Mr. E. S. "Johnny" Walker

TRANSCRIPT OF HEARING

MR. PORTER: We will take up Case 2810.

MR. DURRETT: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Rule 401 of the Commission Rules and Regulations to require open flow potential tests of natural gas wells upon completion and after workovers only rather than annually as now required.

If the Commission please, J. M. Durrett, Junior, appearing as attorney for the Commission. I'll have one witness who I would like to swear at this time, Mr. Elvis A. Utz.

MR. PORTER: You may proceed and swear your witness.



(Witness sworn.)

ELVIS A. UTZ

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

DIRECT EXAMINATION

BY MR. DURRETT:

Q Will you please state your full name and position for the record?

A Elvis A. Utz, Engineer with the Oil Conservation Commission.

Q Mr. Utz, the subject matter of this case we are considering right now, Case 2810, concerns revision of Rule 401 of the Commission rulings. I wonder if you would please give us a little background concerning the need for the change and summarize the change, if you would, please.

A The old Rule 401, which is now in effect, required an IP test to be taken once a year on all gas wells. In some parts of the State IP or four point tests can not be taken and are covered under special pool rules. However, they can be taken in Southeast New Mexico, but we don't believe that there is any need of taking an IP test every year.

We do think, however, that an IP test or four point test should be taken on completion of the well and within 60 days



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after completion of the well and within 60 days after a gas well has been reworked, which also the old rule did not require that these tests be taken or specifically require that these tests be taken in accordance with our current back pressure testing manual.

This new rule requires that they be taken in such a manner. Briefly, that's the change.

Q Am I correct, Mr. Utz, that what we actually are proposing to do here is to cut down on the number of tests that have to be submitted by the operators?

A That is true. However, in my administrative memoranda we have all the tests that have been complied with in the last few years.

Q We are also requiring by this rule that the test be made in accordance with our manual for back pressure test?

A That's true.

Q Have you prepared your proposed rule in the form of an exhibit?

A Yes, it's entitled Exhibit A, Case 2810.

Q Would you feel that the adoption of this proposed rule would enable the Commission to more efficiently administer the laws of this State pertaining to conservation of oil and gas?

A Yes.

Q I don't know if you stated for the record, was Exhibit



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A prepared by you or under your supervision?

A Yes, it was.

MR. DURRETT: If the Commission please, I move the introduction of Exhibit A at this time, and that concludes my examination of Mr. Utz.

MR. PORTER: Without objection, the exhibit will be admitted.

(Whereupon, Commission's Exhibit A was introduced and admitted in evidence.)

MR. PORTER: Any questions of the witness? The witness may be excused.

(Witness excused.)

MR. PORTER: Any comments, any statements in connection with Case 2810? Mr. Woodruff.

MR. WOODRUFF: Norman Woodruff, representing El Paso Natural Gas Company. El Paso Natural Gas Company would like to concur in the recommendations of Mr. Utz and urge the Commission to change their rules in accordance with his recommendation.

MR. PORTER: Thank you, Mr. Woodruff. Any other statements? The Commission will take the case under advisement.



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 Roswell, 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 5th day of June, 1963.

Ada Dearnley
 Notary Public-Court Reporter

My commission expires:
 June 19, 1963.

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