

Case No.

194

Application, Transcript,
Small Exhibits, Etc.

Case No.

194

Application, Transcript,
Small Exhibits, Etc.

TEXAS GULF PRODUCING COMPANY

OIL AND GAS BUILDING • POST OFFICE BOX 2199

HOUSTON, TEXAS

December 19, 1949

PLEASE ADDRESS REPLY TO:
WEST TEXAS-NEW MEXICO DIVISION
P. O. BOX 1764, MIDLAND, TEXAS

Mr. Thomas J. Mabry, Chairman
Oil Conservation Commission
Sante Fe, New Mexico.

Dear Sir:

Would you be so kind as to send me a copy of Section 2
of the Oil Conservation Commission Order No. 835, in reference
to gas-oil ratios.

Your interest will be greatly appreciated.

Very truly yours,

Todd Williams

Todd Williams, Supt.

Call 194

September 26, 1949

Mr. Glenn Staley
Lea County Operators Committee
Drawer I
Hobbs, New Mexico

Dear Mr. Staley:

We enclose herewith, signed copy of Case No. 194, Order No. 835, in connection with the hearing held on September 8, 1949, and also a signed copy of Case No. 195, Order No. 836, which hearing was held on September 20, 1949.

May we have a few extra copies of these orders, when they are mimeographed?

Very truly yours,

R. R. Spurrier
Secretary-Director

RRS:bw
encls.

LEA COUNTY OPERATORS COMMITTEE

DRAWER I

HOBBS, NEW MEXICO

July 27, 1949



Mr. R. R. Spurrier
Box 871
Santa Fe, New Mexico

Dear Dick:

At the request of a number of operators I am writing you to suggest that the Commission at their next hearing bring on their own motion a correction or addition to the gas-oil ratio order # 784 as follows:
\\ When remedial work on a well has been completed by an operator to correct for high gas-oil ratio in a pool having limiting gas oil ratio the adjusted allowable shall become effective on the date the new test is completed as indicated by Commission Form C116.

Heretofore the change in allowable in such cases has been made effective the first of the month following the date of the test, resulting in quite a loss in production in many instances.

Very truly yours,


Glenn Staley

GS:gi

cc: Mr. J. W. House

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 194
ORDER NO. 835

THE APPLICATION OF THE OIL CONSERVATION COMMISSION
UPON ITS OWN MOTION AT THE SUGGESTION OF THE PRO-
RATION OFFICE, TO AMEND SECTION 3-A OF COMMISSION
ORDER #784 ALSO KNOWN AS THE GAS-OIL RATIO ORDER OF
SEPTEMBER 10, 1948, BY ADDING THE FOLLOWING:

"WHEN REMEDIAL WORK ON A WELL HAS BEEN COMPLETED BY
AN OPERATOR TO CORRECT FOR HIGH GAS-OIL RATIO IN A POOL
HAVING A LIMITING GAS-OIL RATIO THE ADJUSTED ALLOWABLE
SHALL BECOME EFFECTIVE ON THE DATE THE NEW TEST IS
COMPLETED AS INDICATED BY COMMISSION FORM C-116," OR
SUCH OTHER WORDING IN THE PREMISES AS MAY BE DETERMINED
FROM TESTIMONY ADDUCED IN OPEN HEARING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock A.M. on Septem-
ber 8, 1949 at Santa Fe, New Mexico, before the Oil Conservation
Commission of New Mexico hereinafter referred to as the "Commission".

NOW, on this 8th day of September, 1949, the Commission having
before it for consideration the testimony adduced at the hearing of
said case and being fully advised in the premises;

FINDS:

1. That the Commission has jurisdiction in the matter.
2. That the order herein is reasonable and necessary in the material
curtailment of avoidable underground and surface forms of waste affording
the owner of each property in a pool in the respective counties, the
opportunity to produce his just and equitable share of the oil and gas
by using his just and equitable share of the reservoir energy of the pool
within the meaning of the gas and oil conservation law in Chapter 72, Laws
of New Mexico, 1935, taking into consideration all pertinent factors
applicable to the various fields; such as age, state of depletion, charac-
ter of producing formations, water and gas drive, application of gas to
beneficial use, and the returning of gas to the formations for storage, re-
pressuring and pressure maintenance projects.

IT IS THEREFORE ORDERED:

That the Order herein amending Order No. 784 shall be applicable to
the pools in Lea, Eddy and Chaves Counties, New Mexico and shall be known
as the:

LEA-EDDY-CHAVES COUNTIES NEW MEXICO GAS-OIL RATIO ORDER
(AS AMENDED SEPTEMBER 8, 1949)

1. (a) The proration unit shall be the unit of proration as defined
by the State-wide Proration Order (with deep-pool adaptation).
- (b) A marginal unit is; for pools having no special proration
plan, a proration unit that will not produce the top unit allowable as in
the State-wide Proration Order (with deep-pool adaptation); and for pools
having such plans, a proration unit that will not produce the acreage factor
allowable thereunder both during the Gas-Oil Ratio Test.

(c) A non-marginal unit is; for pools having no special proration plans, a proration unit that will produce the top unit allowable as in the State-wide Proration Order (with deep-pool adaptation); and for pools having such plans, a proration unit that will produce the acreage factor allowable - both during the Gas-Oil Ratio Test.

(d) The top unit allowable shall be as in the State-wide Proration Order (with deep pool adaptation).

(e) The gas-oil ratio of a proration unit shall be the total net formation gas produced with the oil from such unit divided by the total net barrels of oil so produced during the Gas-Oil Ratio Test.

(f) The limiting gas-oil ratios for the various pools shall be as in Section 2 hereinbelow.

(g) A high gas-oil ratio unit shall be a proration unit that exceeds the limiting gas-oil ratio prescribed for the pool in which such unit is located.

(h) A low gas-oil ratio unit shall be a proration unit that does not exceed the limiting gas-oil ratio prescribed for the pool in which it is located.

(i) The gas-oil ratio adjustment shall be as in Section 3 hereinbelow.

(j) The unadjusted allowable shall be the allowable a proration unit would receive before the gas-oil ratio adjustment is applied.

(k) The adjusted allowable shall be the allowable a proration unit receives after the gas-oil ratio adjustment is applied.

(l) The Official Gas-Oil Ratio Test applicable shall be such Test designated by the Commission, made by such method and means, in such manner, and at such periods as the Commission in its discretion may prescribe from time to time. That a definite schedule be worked out by the Commission for conducting and submitting such tests of wells in each pool within the counties aforesaid and the making and the filing with the Commission the report of such official gas-oil ratio tests shall be construed a part of such tests. The Commission will drop from the proration schedule any proration unit for failure to make such test as hereinabove described until such time as a satisfactory test has been made or full or proper explanation given.

2. (a) The limiting gas-oil ratios in cubic feet per barrel for the following pools shall be to wit:

| <u>POOL</u> | <u>GAS OIL RATIO LIMIT</u> | <u>COUNTY</u> |
|--------------|----------------------------|---------------|
| Anderson | 2000 | Eddy |
| Arrowhead | 3500 | Lea |
| Artesia | 2000 | Eddy |
| Atoka | 2000 | Eddy |
| Barber | 2000 | Eddy |
| Benson | 2000 | Eddy |
| Blinebry | 2000 | Lea |
| Brumson | 2000 | Lea |
| Burton | 2000 | Eddy |
| Caprock | 2000 | Chaves & Lea |
| Casa | 2000 | Lea |
| Comanche | 2000 | Chaves |
| Corbin | 2000 | Lea |
| Culwin | 2000 | Eddy |
| Daugherty | 2000 | Eddy |
| Dayton | 2000 | Eddy |
| Dayton, East | 2000 | Eddy |
| Drinkard | 2000 | Lea |

| <u>POOL</u> | <u>GAS OIL RATIO LIMIT</u> | <u>COUNTY</u> |
|--------------------------|----------------------------|---------------|
| Dublin | 2000 | Lea |
| Eaves | 2000 | Lea |
| Eighty-four Draw | 2000 | Lea |
| Empire | 2000 | Eddy |
| Eunice-Monument; | | |
| Eunice portion | 6000 | Lea |
| Monument | 3000 | Lea |
| Eunice, West | 2000 | Lea |
| Fenton | 2000 | Eddy |
| Forrest | 2000 | Eddy |
| Fren | 2000 | Eddy |
| Getty | 2000 | Eddy |
| Grayburg-Jackson | 4000 | Eddy |
| Halfway | 2000 | Lea |
| Harrison | 2000 | Lea |
| Henshaw | 2000 | Eddy |
| High-Lonesome | 2000 | Eddy |
| High-Lonesome South | 2000 | Eddy |
| Hobbs | 3500 | Lea |
| Jones | 2000 | Lea |
| Lea | 2000 | Lea |
| Leo | 2000 | Eddy |
| Loco Hills | 3000 | Eddy |
| Lovington | 2000 | Lea |
| Lovington, West | 2000 | Lea |
| Lusk, East | 2000 | Lea |
| Lusk | 2000 | Eddy & Lea |
| Lusk, West | 2000 | Eddy |
| Lynch | 2000 | Lea |
| Lynch, North | 2000 | Lea |
| Maljamar | 3000 | Eddy & Lea |
| Maljamar, North | 2000 | Lea |
| Maljamar, South | 2000 | Lea |
| McMillan | 2000 | Eddy |
| Paddock | 2000 | Lea |
| PCA | 2000 | Eddy |
| Pearsall | 2000 | Lea |
| Premier | 2000 | Eddy |
| Red Lake | 2000 | Eddy |
| Roberts | 2000 | Lea |
| Roberts, West | 2000 | Lea |
| Robinson | 2000 | Eddy & Lea |
| Russell | 2000 | Eddy |
| Salt Lake | 2000 | Lea |
| San Simon | 2000 | Lea |
| Shugart | 2000 | Eddy |
| Shugart, North | 2000 | Eddy |
| Skaggs | 2000 | Lea |
| Square Lake | 2000 | Eddy |
| Tonto | 2000 | Lea |
| Turkey Track | 2000 | Eddy |
| Young | 2000 | Lea |
| Vacuum | 2500 | Lea |
| Watkins | 2000 | Lea |
| Weir | 2000 | Lea |
| New & undesignated pools | 2000 | |

(b) No limiting gas-oil ratio shall be applied in Hardy, Penrose-Skelly, Langlie-Mattix, Rhodes Oil Pool, Cooper-Jal, and South Eunice pools in Lea County, (see Order 633) and Scanlon in Eddy County, now primarily gas reser-

voirs. Provided that the oil produced with the gas shall not be in excess of the current top unit allowable; and provided further that the gas produced from said pools shall be put to beneficial use so as not to constitute waste, except as to proration units in said pools for which there are not facilities for the marketing or application to beneficial use of the gas produced therefrom. As to such proration units the limiting gas-oil ratio in effect immediately prior to the effective date of the order herein shall apply. As to said pools, gas-oil ratio tests shall be required only when the Commission within its discretion may from time to time indicate.

3. The system of gas-oil ratio control shall be that of volumetric control, whereby the current oil allowable for a proration unit, under the provisions of the State-wide Proration Order (with deep-pool adaptation), is adjusted by reason of exceeding the corresponding limiting ratio hereinabove described, in accordance with the following formula:

(a) Any proration unit which, on the basis of the latest official gas oil ratio test has a gas oil ratio in excess of the limiting gas oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which fraction shall be the limiting gas oil ratio for the pool and the denominator of which fraction shall be the gas oil ratio of said proration unit as determined by the latest official gas oil ratio test. When remedial work on a well has been completed by an operator to correct for high gas-oil ratio in a pool having a limiting gas-oil ratio the adjusted allowable shall become effective on the date the new test is completed as indicated by Commission Form C-116.

(b) Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable (deep pool adaptation) currently assigned to the pool, to be effective in all pools in New Mexico where the gas-oil ratio is limited by Commission Order. This will place all producing wells, whether oil or gas, in these pools on the proration schedule.

(c) A marginal unit shall be permitted to produce the same total volume of gas which it would be permitted to produce if it were a non-marginal unit.

(d) From the pool allocation shall be deducted the amount of oil allocated to marginal units and high gas-oil ratio units, then the remaining oil shall be distributed to the low gas-oil ratio units, within the same pool in accordance with the pool proration plan.

(e) All gas produced with the current oil allowable determined in accordance with this order shall be deemed to have been lawfully produced.

4. No proration units within a repressuring or pressure maintenance project area, where 65% available residue of the total gas withdrawal, is returned to the formation shall be affected by the limiting ratios of this order. Such areas shall be those set out by the Commission by order upon hearing as provided by law.

5. All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the Proration Schedule with adjusted allowables stated.

6. The order herein supersedes Orders 237, 250, 545, 650, 712 and 784. This order shall become effective on the first day of the proration month next succeeding the month in which said Order is adopted.

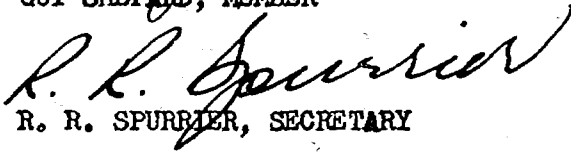
7. That jurisdiction of this case is hereby retained by the Commission to approve schedules of time and manner of taking and reporting gas oil ratios for wells in the separate pools of Lea, Eddy, and Chaves Counties and for other purposes connected therewith.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


THOMAS J. MABRY, CHAIRMAN


GUY SHEPARD, MEMBER


R. R. SPURRIER, SECRETARY