

Entered June 20, 1968
U.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

ORDER NO. A-224

STATEWIDE OIL PRORATION ORDER FOR JULY, 1968

The Oil Conservation Commission held public hearing at Santa Fe, New Mexico, on June 19, 1968, at 9 a.m., pursuant to legal notice for the purpose of setting the allowable production of oil within the State of New Mexico for the month of July, 1968.

NOW, on this 20th day of June, 1968, the Commission, a quorum being present, having considered the testimony adduced as to probable market demand, the nominations of purchasers, the capacities of producing wells, together with the anticipated newly completed or recompleted wells, and being otherwise fully advised in the premises,

FINDS:

- (1) That the reasonable market demand for oil produced in the State of New Mexico during the month of July, 1968, is approximately 448,098 barrels per day, which total includes a demand for approximately 422,559 barrels of oil per day from the counties of Lea, Eddy, Chaves, and Roosevelt, and a demand for approximately 25,539 barrels of oil per day from the counties of San Juan, McKinley, Rio Arriba, and Sandoval.
- (2) That the potential producing capacity of all oil wells in the State is in excess of such reasonable market demand, and in order to prevent waste the production of oil should be limited, allocated, and distributed for the month of July, 1968.
- (3) That all the producing oil wells, together with the expected completed or recompleted wells in the State within the proration period, can produce a total of approximately 448,098 barrels per day without causing waste, and an allocation based upon such production would be reasonable and would protect correlative rights.
- (4) That the demand for oil from each of the above-described areas is separate and distinct and cannot be reasonably met by the production of oil from the other area, and that the production allowable for each of the said areas should be based upon the demand for oil from that area.
- (5) That a total Southeast New Mexico production allowable of 422,559 barrels per day, which includes 7,500 barrels per day

supplemental allowable for new production and 72 barrels per day of back allowable, can be produced without waste by a distribution and allocation of such production among the oil wells in Lea, Eddy, Chaves, and Roosevelt Counties, by the establishment of a normal unit allowable for those counties of 58 barrels per unit per day.

(6) That a total Northwest New Mexico production allowable of 25,539 barrels per day, which includes 500 barrels per day supplemental allowable for new production, can be produced without waste by a distribution and allocation of such production among the oil wells in San Juan, McKinley, Rio Arriba, and Sandoval Counties, New Mexico, by the establishment of a normal unit allowable for those counties of 70 barrels per unit per day.

(7) That applications for back allowable totalling approximately 3,513 barrels have been received from Gulf Oil Corporation and Pan American Petroleum Corporation, operators in the Empire-Abo Pool, Eddy County, New Mexico, as the result of underproduction incurred as the result of overtaxed facilities of Service Pipeline Company during March, 1968. That of said 3,513 barrels of applied for back allowable, 50% or 1,756 barrels was authorized for production during June, 1968, and authorization to produce the remaining 1,757 barrels was deferred until a later date. That the remaining 50% of 3,513 or 1,757 barrels of applied for back allowable should be authorized for production during July, 1968.

(8) That application for back allowable totalling approximately 461 barrels has been received from Gulf Oil Corporation, operator in the Empire-Abo Pool, Eddy County, New Mexico, as the result of underproduction incurred as the result of overtaxed facilities of Service Pipeline Company during April, 1968. That said 461 barrels of applied for back allowable should be authorized for production during July, 1968.

IT IS THEREFORE ORDERED:

(1) For the month of July, 1968, a normal unit allowable for production of oil in the allocated pools within Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, is hereby set at 58 barrels per unit per day; provided that each well in the Knowles Pool in Lea County, New Mexico, under 80-acre spacing Order No. R-40 (except as amended by Order No. R-52) is allocated 116 barrels per 80 acres, with deep-pool adaptation. Provided further that the top unit allowable for the North Mason-Delaware Pool in Lea and Eddy Counties, New Mexico, is hereby set at 41 barrels per unit per day, in accordance with the provisions of Order No. R-944. Provided further that the top unit allowable for the South Carter-San Andres Pool in Lea County, New Mexico, is hereby set at 43

barrels per unit per day in accordance with the provisions of Order No. R-1012. The allocation hereby set for said month in the allocated pools of Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, shall be in accordance with Rules 502, 505, and 506 of the Commission Rules and Regulations, and subject to and as modified by any valid orders of the Commission relating directly to any well, areas, or pools, and the assignment of allowable thereto.

(2) A Southeast New Mexico proration schedule duly prepared by the Commission and thereafter adopted for the month of July, 1968, is hereto attached and made a part hereof. Said proration schedule distributes and allocates the allowable production among the oil wells in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, for the period stated. The sale, purchase, or acquisition, or the transporting, refining, processing, or handling in any other way of oil produced in excess thereof is hereby prohibited, and such oil is thereafter contraband.

(3) For the month of July, 1968, approximately 2,218 barrels of supplemental allowable is hereby authorized for production at the rate of approximately 72 barrels per day by certain wells operated by Gulf Oil Corporation and Pan American Petroleum Corporation in the Empire-Abo Pool, Eddy County, New Mexico. The oil wells listed in this supplemental schedule are those top allowable wells which incurred underproduction during March and April, 1968, as the result of purchaser prorationing by Service Pipeline Company.

(4) For the month of July, 1968, a normal unit allowable for production of oil in the allocated pools within San Juan, McKinley, Rio Arriba, and Sandoval Counties, New Mexico, is hereby set at 70 barrels per unit per day; provided that each well in the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, to which has been dedicated 80 acres, is allocated 140 barrels per 80 acres, in accordance with the provisions of Order No. R-1069-B. The allocation hereby set for said month in the allocated pools of San Juan, McKinley, Rio Arriba, and Sandoval Counties, New Mexico, shall be in accordance with Rules 502, 505, and 506 of the Commission Rules and Regulations, and subject to and as modified by any valid orders of the Commission relating directly to any well, areas, or pools, and the assignment of allowable thereto.

(5) A Northwest New Mexico proration schedule duly prepared by the Commission and thereafter adopted for the month of July, 1968, is hereto attached and made a part hereof. Said proration schedule distributes and allocates the allowable production among the oil wells in San Juan, McKinley, Rio Arriba, and Sandoval

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Counties, New Mexico, for the period stated. The sale, purchase, or acquisition, or the transporting, refining, processing, or handling in any other way of oil produced in excess thereof is hereby prohibited and such oil is thereafter contraband.

(6) For the month of July, 1968, the basic 40-acre Area Allowable Factors for waterfloods in Southeast New Mexico and Northwest New Mexico shall be 58 and 70, respectively, in accordance with Rule 701 E 4 of the Commission Rules and Regulations as revised by Commission Order No. R-3092.


IT IS FURTHER ORDERED:

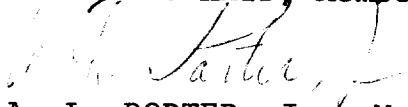
The foregoing order shall remain effective until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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

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