

224

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

ORDER NO. A-81

STATEWIDE OIL PRORATION ORDER FOR AUGUST, 1956

The Oil Conservation Commission held public hearing at Santa Fe, New Mexico, on July 18, 1956, 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 August, 1956, and now on this day 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. The reasonable market demand for oil produced in the State of New Mexico for the month of August, 1956, is 285,537 barrels per day, which total includes 10,000 barrels as supplemental allowable for new production and back allowable during the proration period.
2. 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 August, 1956.
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 285,537 barrels per day without causing waste, and an allocation based upon such production would be reasonable and protect correlative rights.
4. Of the total production of oil for the month of August 1956, approximately 3455 barrels per day can and will be produced from the oil pools in San Juan, Rio Arriba, McKinley and Sandoval Counties.
5. That the balance of the total oil production for the state in August, 1956, in the amount of 282,082 barrels per day can be produced without waste by a distribution and allocation for such production among the oil wells in Lea, Eddy and Chaves Counties, New Mexico, by the establishment of a normal unit allowable of 39 barrels per unit per day.
6. That applications for back allowable in the amount of 261,398 barrels of oil have been received by the Commission, said back allowable being applied for in accordance with Rule 503 (f) as a result of 122,348 barrels of under-production incurred during the month of April, 1956, and 139,050 barrels of under-production incurred during the month of May, 1956, due to pipeline prorationing resulting from a Cities Service Oil Company refinery strike.

7. That M. A. Machris is the owner and operator of Well No. 42-10 H, located on its B-2341 State Lease, and Well No. 36-3, located on its E-2716 State Lease, Townsend Wolfcamp Pool. That aforesaid wells are the only wells in the Townsend Wolfcamp Pool affected by pipeline prorationing resulting from Cities Service Company refinery strike.

8. That M. A. Machris duly applied for back allowable for the month of April, 1956, in compliance with Rule 503 (f) of the New Mexico Oil Conservation Commission's Statewide Rules and Regulations, and that said back allowable amounting to 3365 barrels for its Well No. 42-10 H and 1528 barrels for its Well No. 36-3, Townsend Wolfcamp Pool, was authorized to be produced during the month of July, 1956.

9. That M. A. Machris has duly applied for back allowable for the month of May, 1956, in compliance with Rule 503 (f) of the New Mexico Oil Conservation Commission's Statewide Rules and Regulations, said back allowable amounting to 2314 barrels for its Well No. 42-10 H and 2245 barrels for its Well No. 36-3, Townsend Wolfcamp Pool.

10. That as a result of the conditions existing in the Townsend Wolfcamp Pool, M. A. Machris will be deprived of the opportunity to recover its just share of the oil and gas from said pool unless production of  $31/92$  or 1536 barrels of the aforesaid back allowable for May as heretofore stated be allowed during the month of August, 1956.

11. That consideration of the remainder of the applications for back allowable, totalling 254,969 barrels should be deferred until a later date.

IT IS THEREFORE ORDERED:

1. For the month of August, 1956, a normal unit allowable for production of oil in the allocated pools within Lea, Eddy, and Chaves Counties, be, and the same hereby is set at 39 barrels per unit per day; provided that each well in the Knowles Pool in Lea County, New Mexico, under 80-acre spacing Order R-40 (except as amended by Order R-52) is allocated 78 barrels per 80 acres, with deep-pool adaptation. The allocation hereby set for said month in the allocated pools of Lea, Eddy, and Chaves Counties, New Mexico shall be in accordance with Rules 502, 505 and 506 of the Commission's 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 there-to.

2. A proration schedule, duly prepared by the Commission and thereafter adopted, for the month of August, 1956, is hereto attached and made a part hereof. Said proration schedule distributes and allocates the allowable production among the oil wells in Lea, Eddy and Chaves 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.

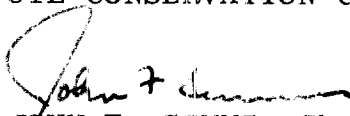
IT IS FURTHER ORDERED:

That M. A. Machris, having fully complied with Rule 503 (f) of the New Mexico Oil Conservation Commission's Statewide Rules and Regulations in the application for back allowable justly due it as a result of the pipeline prorationing instituted by Cities Service Oil Company, be and the same hereby is granted permission to produce a maximum of 780 barrels over and above its normal allowable from its Well No. 42-10 H and a maximum of 756 barrels over and above its normal allowable from its Well No. 36-3, Townsend Wolfcamp Pool, said back allowable to be produced during the month of August, 1956.

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

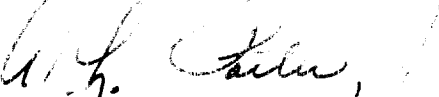
DONE at Santa Fe, New Mexico, this 17 day of July, 1956.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



JOHN F. SIMMS, Chairman

E. S. WALKER, Member



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

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