

*Corrected*

BEFORE THE OIL CONSERVATION  
COMMISSION OF THE STATE  
OF NEW MEXICO

In the Matter of the Hearing called  
by the Oil Conservation Commission  
of the State of New Mexico for the  
purpose of considering: "Proration  
Agreement of Operators for the Hobbs  
Field, Lea County, New Mexico, or  
other plan of proration for the field."

)  
) Case No. 6  
)  
) Order No. 48  
)  
)

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock A.M. on the 11th day of December, 1936, in the Supreme Court Room in the State Capitol, Santa Fe, New Mexico, upon the call of the Commission in the above designated matter.

Now, on this \_\_\_\_\_ day of December, 1936, the Commission, having before it for consideration the evidence adduced at the hearing in said case, and being fully advised in the premises, therefore orders:

PRORATION PLAN FOR HOBBS  
FIELD, LEA COUNTY

Sec. 1. The total allowable production of oil in the Hobbs field shall be allocated within the field by productive units. Units shall not be allocated more oil than they can produce without unreasonable waste.

Sec. 2. Productive units shall be classified as marginal and non-marginal units, a marginal unit being one that cannot produce the acreage unit allowable, and a non-marginal unit one with <sup>an average</sup> daily potential <sup>production</sup> equal to or larger than the acreage unit allowable. Marginal units shall be allocated approximately the amount of oil they can produce.

Sec. 3. The total allocation to marginal units shall be deducted from the total daily field allowable and the resulting number of barrels shall be designated as the total daily non-marginal field allowable.

Sec. 4. As far as possible, the field shall be divided into forty (40) acre tracts in the form of a square, constituting regular subdivisions of sections according to the Government surveys. Each such tract shall be considered a unit for the purposes of proration hereunder. If it should develop that there are tracts of land owned by individual operators or lease holders constituting less than a unit as above defined or in such form as not to constitute a unit as above defined, then the Commission shall create and outline fractional units or units of a form other than a square.

Sec. 5. The following 40-acre units not in the form of a square shall be considered as regular units for proration purposes: Walker Terry G,  $N\frac{1}{2} SW\frac{1}{4} SE\frac{1}{4}$  and  $N\frac{1}{2} SE\frac{1}{4} SE\frac{1}{4}$  Section 10, T. 19 S., R. 38 E. Walker Terry G-A,  $S\frac{1}{2} SW\frac{1}{4} SE\frac{1}{4}$  and  $S\frac{1}{2} SE\frac{1}{4} SE\frac{1}{4}$  Sec. 10, T. 19 S., R. 38 E. Repollo Crump B,  $N\frac{1}{2} NW\frac{1}{4} NE\frac{1}{4}$  and  $N\frac{1}{2} NE\frac{1}{4} NE\frac{1}{4}$  Section 15, T. 19 S., R. 38 E. Repollo Crump B-A,  $S\frac{1}{2} NW\frac{1}{4} NE\frac{1}{4}$  and  $S\frac{1}{2} NE\frac{1}{4} NE\frac{1}{4}$  Sec. 15, T. 19 S., R. 38 E. Stanolind State C,  $N\frac{1}{2} NE\frac{1}{4} NW\frac{1}{4}$  and  $N\frac{1}{2} NW\frac{1}{4} NW\frac{1}{4}$  Sec. 15, T. 19 S., R. 38 E. Stanolind State C-A,  $S\frac{1}{2} NW\frac{1}{4} NW\frac{1}{4}$  and  $S\frac{1}{2} NE\frac{1}{4} NW\frac{1}{4}$  Sec. 15, T. 19 S., R. 38 E.

Sec. 6. The daily potential production of a well is the quantity of oil said well is capable of producing, as hereinafter determined.

Sec. 7. The average daily potential production of any unit or fractional unit shall mean the average daily potential production of all wells thereon obtained by dividing the aggregate daily potential production of all wells on such unit or fractional unit by the number of wells thereon. The average daily potential production of the field shall be the sum of the average daily potential production of all units and fractional units in the field.

Sec. 8. The Commission shall determine the average daily potential production of the field and of each producing unit and fractional unit therein on the basis of gauges or other tests as hereinafter provided.

Sec. 9. The <sup>total daily non-marginal</sup> field allowable shall be allocated among the various units on the following basis: Sixty (60) per cent of <sup>This non-marginal</sup> ~~the daily~~ allowable ~~output from the field~~ shall be allocated equally among the several producing units and fractional units ~~without reference to the producing~~ ~~to units without reference to their producing ability; all~~ ~~40-acre units participating equally and each fractional~~ ~~unit participating an equal part of the allowable~~ ~~output from the field~~ ~~as to non-marginal units by the ratio of its area in acres to 40 acres.~~

unit receiving an allocation, as compared to the allocation of a 40-acre unit, in the ratio that its area in acres bears to 40 acres.

~~...~~ This allocation to each unit shall be designated as the acreage unit allowable.

Sec. 10. Forty (40) <sup>total daily non-marginal field allowable</sup> per cent of the ~~daily outlet~~ shall be allocated to each producing unit in the ratio that the average daily potential production of each unit bears to the average daily potential production of the field. Each producing fractional unit shall be entitled to the part it would get as a full unit on the above basis multiplied by the fraction obtained by using the number of acres therein as a numerator and the figure forty (40) as a denominator. This allowable shall be designated as the potential unit allowable.

Sec. 11. The potentials in effect December 16, 1936, shall be the potentials used at the beginning of the present plan.

Sec. 12. In lieu of the open flow or tubing potential tests, potentials shall be adjusted in such manner as to approach a uniform bottom hole pressure for all wells in the pool.

Sec. 13. Adjusted potentials on all wells, excepting packer wells as hereinafter defined and provided for, heretofore completed shall be determined at six month intervals as follows.: Beginning March 1, 1937, and at six month intervals thereafter, the potential of each well shall be readjusted, using the average bottom hole pressure of all wells at the beginning of the previous six-month period as a denominator and the new bottom hole pressure of each well as a numerator, both readings being reduced by two-thirds ( $2/3$ ) the average field pressure, and the quotient multiplied by the potential of said well at the beginning of said six months period shall be the adjusted potential of said well to be effective for the succeeding six-months period; provided that the average bottom hole pressure of the field shall be assigned to each packer well and its new potential arrived at as provided for herein for non-packer wells.

Sec. 14. The Commission each six months shall determine the bottom hole pressure of each well in the field, provided that for each well in which the bottom hole pressure cannot be determined for

mechanical reasons, <sup>such</sup> ~~each~~ well shall have assigned to it the bottom hole pressure of the nearest well in which a bottom hole pressure is taken, or if equidistant from two or more wells in which bottom hole pressures are taken, <sup>such</sup> ~~each~~ well shall have assigned to it the average of the bottom hole pressures of said equidistant wells. Packer wells may be bombed, in which event the pressure obtained shall be used in determining the field average pressure, but said wells shall be assigned the average pressure of all wells at the beginning of said six-month period.

Sec. 15. The potential of no well shall be adjusted below the acreage unit allowable, and this shall be considered to be the potential of the well, should it be necessary to make an upward revision of the potential due to an increased bottom hole pressure of the well.

Sec. 16. A packer well, as referred to herein, is any well in which a formation packer has been set for the purpose of conserving reservoir energy.

Sec. 17. New wells shall be tested in the following manner: The well shall be produced through the tubing for a period of two (2) hours. The first hour's production shall be disregarded, but the last hour's production shall be gauged. The one-hour tubing test multiplied by 24 shall constitute the tubing potential. The casing shall then be opened and the well produced through casing and tubing for a period of one hour. The quantity of oil so produced multiplied by 24 shall be the open flow potential, which shall be used in determining the potential unit. It shall be the privilege of any operator to use the tubing potential herein provided for in connection with the current tubing-casing potential curve as approved by the Commission, to ascertain the open flow potential of any well without taking the combined casing and tubing flow as provided for above. Pumping wells shall be tested for a period of six hours and the number of barrels of oil produced multiplied by four shall be the potential.

Sec. 18. Permission to treat wells with acid shall be ~~submitted~~ ~~obtained~~ obtained from the Commission. The potential of a well deepened and/or treated with acid shall be the potential of the well before acid

treatment and/or deepening; provided, with respect to any well now completed and which has not heretofore been treated with acid, the operator shall have the right prior to April 1, 1937, to treat the same with acid, and the potential of the well shall be its potential after treating with acid.

Sec. 19. The Commission shall notify the operator of the day and hour that a well is to be shut in for bottom hole pressure test. The bottom hole pressure shall be measured not less than 24 hours nor more than 36 hours following said specified time. Notice to the operator shall be given ~~by the Commission~~ not less than 24 hours before the time for the well to be shut in. The well shall produce its regular allocation during the 24-hour period ending at the time the well is shut in.

Sec. 20. The pressure shall be measured as near as possible to a point in the well 400 feet below sea level.

Sec. 21. This order shall become effective January 1st, 1937.

Sec. 22. Allocations to the Hobbs field as a whole shall be determined according to the plan of Order No. 1 of the Commission, "General State Proration Order", adopted June 29, 1935 and Order No. <sup>"Revision of Order No. 1 of the Commission 'General State Proration Order' adopted Nov. 12, 1936"</sup> ~~45 of the Commission~~. Allocations for the field and the wells therein shall be included in "General State Proration Orders" of the Commission. This order supersedes any provisions of Order No. 1 with which it is in conflict.

OIL CONSERVATION COMMISSION

CLYDE TINGLEY  
Governor

FRANK VESELY  
Commissioner of Public Lands

E. H. WELLS  
State Geologist