

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:

CASE NO. 14

ORDER NO. 398

THE REVISING, MODIFYING AND AMENDING
THE EXISTING PRORATION PLAN FOR
HOBBS FIELD, LEA COUNTY, DESIGNATED
AS ORDER NO. 48, OF THE COMMISSION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

WHEREAS, ORDER NO. 329 promulgated by the Commission December 31, 1940, for the revision of Order No. 48, the Proration Plan for the Hobbs Field, Lea County, reserved in the Commission jurisdiction for further determination as to all other matters in said Order No. 48 not affected by the changes provided for in Order No. 329;

WHEREAS, the Oil Conservation Commission at its meeting of June 25, 1941, announced its intent to take such action as may be necessary for clarification of Order No. 329.

IT IS NOW THEREFORE ORDERED by the Commission on this 12TH day of September, 1941, that the order herein be and is hereby promulgated and is designated

THE PRORATION PLAN FOR HOBBS FIELD:

- 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 waste.
- Sec. 2 Productive units shall be classified as marginal and non-marginal, a marginal unit being one that cannot produce the acreage unit allowable, and a non-marginal unit one with an average daily potential production 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 in its discretion may create and outline fractional units or units of a form other than a square. However, no well shall be drilled closer to any unit boundary line than 330 feet or less than 660 feet from any other well except upon petition, notice and hearing as provided by law, provided such unorthodox well location will create neither waste nor hazards conducive to waste.

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-1/2 SW-1/4 SE-1/4 and N-1/2 SE-1/4 SE-1/4
Sec. 10, T. 19S., R. 38E.

Walker Terry G-a, S-1/2 SW-1/4 SE-1/4 and S-1/2 SE-1/4 SE-1/4,
Sec. 10, T. 19S., R. 38E.

Repollo Crump B, N-1/2 NW-1/4 NE-1/4 and N-1/2 NE-1/4 NE-1/4,
Sec. 15, T. 19S., R. 38E.

Repollo Crump B-a, S-1/2 NW-1/4 NE-1/4 and S-1/2 NE-1/4 NE-1/4,
Sec. 15, T. 19S., R. 38E.

Stanolind State C., N-1/2 NE-1/4 NW-1/4 and N-1/2 NW-1/4 NW-1/4,
Sec. 15, T. 19S., R. 38E.

Stanolind State C-a, S-1/2 NW-1/4 NW-1/4 and S-1/2 NE-1/4 NW-1/4,
Sec. 15, T. 19S., R. 38E.

Sec. 6 Eighty (80) per cent of the non-marginal field allowable shall be allocated among the various units without reference to their producing ability or pressures; all forty (40) acre units participating equally and each fractional unit receiving allocation as compared to the allocation of a forty (40) acre unit, in the ratio that its area in acres bears to forty (40) acres. This allocation to each unit shall be designated as the acreage unit allowable.

Sec. 7 The remaining twenty (20) per cent of the daily non-marginal field allowable shall be prorated to the different non-marginal units on the basis of the static bottom hole pressure of the wells. For computation purposes, the bottom hole pressures for all the wells shall be added together, and this sum shall be divided into the total number of barrels to be allocated to the field according to bottom hole pressures. The quotient obtained shall be designated

the bottom hole pressure factor. To obtain the bottom hole pressure allowance for each well, or unit, this factor shall be multiplied by the bottom hole pressure of the unit. The sum of the unit acreage allowance and the bottom hole pressure allowance shall be the total allocation for each non-marginal unit.

Sec. 8 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, such 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 such well shall have assigned to it the average of the bottom hole pressures of said equidistant wells.

Sec. 9 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. 10 Pressures shall be taken as nearly as possible at a common datum level of 400 feet below sea level and all pressures shall be adjusted to that datum, and correction shall be made in gas or oil depending on the medium in which the bottom hole pressure gauge is stopped.

Sec. 11 Wells completed during a proration period occurring between bottom hole pressure surveys will be allocated the average non-marginal unit allowable for the field until static bottom hole pressures can be taken. Then these pressures shall be used in determining their allowable for the following periods.

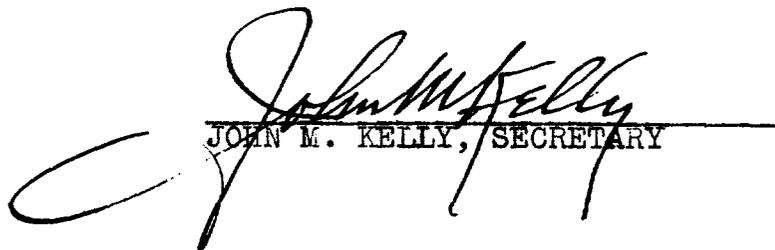
Sec. 12 Allocations to the Hobbs Field as a whole shall be determined according to the plan of Order No. 1 of the Commission, "General State Proration Order", adopted June 29, 1935, and Order No. 45, "Revision of Order No. 1 of the Commission 'General State Proration Order'", adopted November 12, 1936. 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 or other orders with which this order is in conflict, is in lieu of Order No. 329, and fully revokes Order No. 48. The Order herein shall become effective on the first day of the proration month next following the date of adoption.

OIL CONSERVATION COMMISSION


JOHN E. MILES, CHAIRMAN

H. R. RODGERS, MEMBER


JOHN M. KELLY, SECRETARY

MINUTES OF THE MEETING OF THE
OIL CONSERVATION COMMISSION HELD
SEPTEMBER 12, 1941

The Commission met in the Governor's Office in Santa Fe, New Mexico, September 12, 1941.

PRESENT: Governor John E. Miles, Chairman
State Geologist John M. Kelly, Secretary

The Commission transacted the following business:

The Commission promulgated the following orders:

The Commission adopted Emergency Order No. 396, to endure for the last half of September, 1941, bimonthly proration period, for the continuance of Emergency Order No. 258, in the matter of temporary proration for the Artesia-Grayburg-Jackson-Maljamar Area, Eddy and Lea Counties.

The Commission adopted Order No. 397, to endure for the last half of September, 1941, bimonthly proration period, for the continuance of Emergency Order No. 259, in the matter of application for gas-oil ratio adjustment.

The Commission adopted the following order:

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Sec. 2. Productive units shall be classified as marginal and non-marginal, a marginal unit being one that cannot produce the acreage unit allowable, and a non-marginal unit one with an average daily potential production 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 in its discretion may create and outline fractional units or units of a form other than a square. However, no well shall be drilled closer to any unit boundary line than 330 feet or less than 660 feet from any other well except upon petition, notice and hearing as provided by law, provided such unorthodox well location will create neither waste nor hazards conducive to waste.

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Sec. 6. Eighty (80) per cent of the non-marginal field allowable shall be allocated among the various units without reference to their producing ability or pressures; all forty (40) acre units participating equally and each fractional unit receiving allocation as compared to the allocation of a forty (40) acre unit, in the ratio that its area in acres bears to forty (40) acres. This allocation to each unit shall be designated as the acreage unit allowable.

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Sec. 8. 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, such 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 such well shall have assigned to it the average of the bottom hole pressures of said equidistant wells.

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OIL CONSERVATION COMMISSION

(SGD) JOHN E. MILES
JOHN E. MILES CHAIRMAN

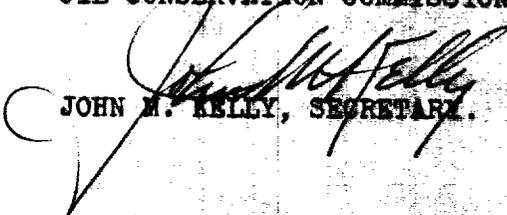
H. R. RODGERS, MEMBER

(SGD) JOHN M. KELLY
JOHN M. KELLY, SECRETARY

(SEAL)

There being no further business the meeting adjourned.

OIL CONSERVATION COMMISSION


JOHN M. KELLY, SECRETARY