

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. 1327
Order No. R-1092-A

APPLICATION OF TEXAS PACIFIC COAL &
OIL COMPANY FOR AN ORDER IMMEDIATELY
TERMINATING GAS PRORATIONING IN THE
JALMAT GAS POOL; OR IN THE ALTERNATIVE,
REVISING THE SPECIAL RULES AND REGULATIONS
FOR THE JALMAT GAS POOL IN LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 18, 1957, at 9 o'clock a.m. on November 14, 1957, and again at 9 o'clock a.m. on December 9, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 29th day of January, 1958, the Commission, a quorum being present, having considered the application, and the evidence adduced and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Texas Pacific Coal & Oil Company, seeks an order in the subject case for the immediate termination of gas prorationing in the Jalmat Gas Pool, Lea County, New Mexico, or in the alternative, an order for the immediate cancellation of all underproduction accumulated to wells in the Jalmat Gas Pool as of July 1, 1957, and further, to require the gas purchasers in said pool to nominate a sufficient amount of gas from the pool to permit the wells from which said purchasers are able to take gas to have an allowable equal to their actual production, and further for the establishment of a proration formula in the Jalmat Gas Pool whereby the allowables would be assigned 75 percent on the basis of deliverability times acreage and 25 per cent on the basis of acreage alone; and further, for the establishment of a maximum amount of gas which may be taken from any well in the Jalmat Gas Pool during a specified period of time.

(3) That it is necessary to continue the proration of gas production from the Jalmat Gas Pool in order to prevent waste and protect correlative rights.

(4) That all underage which accrued to wells in the Jalmat Gas Pool prior to July 1, 1957, and which was not produced prior to January 1, 1958, will be cancelled and redistributed as of that date in accordance with the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order No. R-520 as amended by Order No. R-967, and that the applicant has failed to prove the necessity for any additional relief in this regard.

(5) That the applicant has proved that there is a general correlation between the deliverabilities of the gas wells in the Jalmat Gas Pool and the gas in place under the tracts dedicated to said wells, and that the inclusion of a deliverability factor in the proration formula for the Jalmat Gas Pool would, therefore, result in a more equitable allocation of the gas production in said pool than under the present gas proration formula.

(6) That the inclusion of a deliverability factor in the proration formula for the Jalmat Gas Pool will result in the production of a greater percentage of the pool allowable, and that it will more nearly enable the various gas purchasers in the Jalmat Gas Pool to meet the market demand for gas from said pool.

(7) That the allowable gas production in the Jalmat Gas Pool should be allocated to the non-marginal wells in said pool in accordance with a proration formula based on seventy-five percent (75%) acreage times deliverability plus twenty-five percent (25%) acreage only.

(8) That the applicant has failed to prove the necessity for establishing a limitation on the amount of gas which may be taken from wells in the Jalmat Gas Pool in addition to the limitations presently imposed by the Special Rules and Regulations for the Jalmat Gas Pool.

(9) That the application of Texas Pacific Coal and Oil Company in the subject case should be denied in all respects except that the Special Rules and Regulations for the Jalmat Gas Pool should be amended to provide for a deliverability factor in the gas proration formula.

IT IS THEREFORE ORDERED:

(1) That the application of Texas Pacific Coal and Oil Company in Case No. 1327 be and the same is hereby denied in all respects except that portion of the application concerning the inclusion of a deliverability factor in the gas proration formula for the Jalmat Gas Pool.

(2) That all orders heretofore issued by the Commission creating non-standard gas proration units in the Jalmat Gas Pool, which orders provide in substance that the unit well be granted an allowable in the proportion that the acreage dedicated to the

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well bears to a standard gas proration unit in the Jalmat Gas Pool, be and the same are hereby amended, effective July 1, 1958, to read as follows: That the unit be assigned an "Acreage Factor" for allowable purposes to be determined by dividing the acreage dedicated to the well by 160 acres.

(3) That Rule 5, Rule 6, and Rule 12 of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order No. R-520 and as amended by Order No. R-967, be and the same are hereby revised, effective July 1, 1958, to read as follows:

SPECIAL RULES AND REGULATIONS FOR THE
JALMAT GAS POOL

RULE 5. (a) (first paragraph) No change

(second paragraph) Revise to read
as follows:

A non-standard gas proration unit shall be assigned an "Acreage Factor" for proration purposes to be determined by dividing the acreage in the non-standard gas proration unit by 160 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

(third paragraph) No change

(b) No change.

RULE 6. (a) The Commission, after notice and hearing, shall consider the nominations of the gas purchasers from the Jalmat Gas Pool and other relevant data in fixing the allowable production for the pool.

(b) The monthly allowable allocation to the Jalmat Gas Pool shall be divided and allocated among the wells in the Pool which are entitled to an allowable in the manner hereinafter set forth.

A marginal well shall be assigned an allowable equal to its maximum production during any month of the preceding gas proration period.

The pool allowable remaining after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells in the pool as follows:

(1) Twenty-five percent (25%) of the remaining pool allowable shall be allocated among the non-marginal wells in the pool in the proportion that each well's "Acreage Factor" bears to the total "Acreage Factor" for all non-marginal wells in the pool.

(2) Seventy-five percent (75%) of the remaining pool allowable shall be allocated among the non-marginal wells in the pool in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

A well's "Acreage Factor" shall be determined by dividing the acreage assigned to the well by 160 acres. The "Acreage Factor" shall be determined to the nearest one-hundredth of a unit.

A well's "AD Factor" shall be determined by multiplying the well's "Acreage Factor" by its "Calculated Deliverability" (expressed in MCF per day). The "AD Factor" shall be computed to the nearest whole unit. In those instances where there is more than one well on a proration unit the "Calculated Deliverability" for the unit shall be determined by averaging the "Calculated Deliverabilities" of all the wells on the unit.

(c) Annual deliverability tests shall be taken on all gas wells in the Jalmat Gas Pool in a manner and at such time as the Commission may prescribe. The results of such tests shall determine a well's "Calculated Deliverability." Deliverability tests taken during 1958 shall be used in calculating allowables for wells in the Jalmat Gas Pool until July 1, 1959. Subsequent annual deliverability tests shall be used for each twelve-month period thereafter.

(d) No well shall be assigned an allowable until an approved deliverability test has been filed with the Commission.

(e) The Secretary of the Commission shall have authority to exempt marginal wells from the requirement of taking an annual deliverability test in those instances where the deliverability of the well is of such low volume as to have no significance in the determination of the well's allowable.

(f) Retests and tests taken after recompletion or workover shall be taken in the same manner as provided in subparagraph (c) above, and any change in the well's "Calculated Deliverability" resulting therefrom shall become effective;

(1) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator; or

(2) A date 45 days prior to the date upon which a well's deliverability and shut-in pressure test is reported to the Commission on Form C-122-C; or

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- (3) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 2045, Hobbs, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work; if the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Well Location and Acreage Dedication Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

RULE 12. Allowables to newly completed gas wells shall commence:

- (a) On the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser;
- (b) the latest filing date of Form C-104, C-110 or C-128; or
- (c) a date 45 days prior to the date upon which the well's deliverability and shut-in pressure test is reported to the Commission on Form C-122-C;

whichever date is later.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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

