

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 CON-
SIDERING:

CASE NO. 697
ORDER NO. R-532

THE APPLICATION OF LOWRY ET AL
OPERATING ACCOUNT FOR THE APPROVAL
OF AN EXTENSION OF ITS PILOT PRESSURE
MAINTENANCE PROGRAM IN THE SOUTH
BLANCO-TOCITO POOL, RIO ARRIBA COUNTY,
NEW MEXICO, AND PERMISSION TO GAUGE OIL
AT A COMMON TANK BATTERY

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on July 21, 1954, on the amended petition of Lowry et al Operating Account, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 4th day of October, 1954, the Commission, a quorum being present, having considered the testimony and exhibits offered therein, and the record pertaining to geological and engineering information received in Commission Cases Nos. 537, 555, and 607, received in this case, and testimony and evidence presented at the hearing in this cause on the original petition, on date May 19, 1954, and being fully advised in the premises,

FINDS:

- (1) That due notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That petitioner has operated a pilot pressure maintenance program in the South Blanco-Tocito Pool, San Juan County, New Mexico, under authority of Commission Order No. R-349, and has made regular reports as required by said order.
- (3) That evidence introduced at the hearing on May 19, 1954, shows that the pilot pressure maintenance program has been successful in maintaining pressures in the South Blanco-Tocito Pool, will result in a greater ultimate recovery of oil, with reduced waste of gas, and will protect and utilize reservoir energy to the best advantage.
- (4) That for successful operation of the pressure maintenance project, said project should be expanded by the addition of injection wells, as hereinafter provided, and water injection should be increased.

(5) That by its amended petition applicant seeks approval for the use of its well, T-85, located in SW/4 Section 4, Township 26 North, Range 6 West, NMPM, and that in all other respects the petition herein is the same as that originally filed.

(6) That, in order to facilitate operations and reduce economic losses, petitioner should be permitted to meter or gauge oil production from its leases in the South Blanco-Tecito Pool into a central tank battery, and such procedure will affect two basic leases of common royalty ownership, and that the rights of royalty owners and owners of overriding royalties will not be impaired, but rather will be fully protected.

(7) That extension of the pressure maintenance program and metering or gauging of oil into a central tank battery by petitioner is in the interests of conservation, will prevent waste, result in an increased ultimate recovery of oil, and that correlative rights will be protected.

IT IS THEREFORE ORDERED:

(1) That the application of Lowry et al Operating Account for permission to extend its pressure maintenance program in the South Blanco-Tecito Pool be, and the same hereby is approved.

(2) That petitioner be authorized to utilize its well T-85, SW/4 Section 4, Township 26 North, Range 6 West, NMPM, as an injection well, as an addition to the authority heretofore granted in Commission Order No. R-349, water to be injected to enter the Tecito sands, producing formation of the South Blanco-Tecito Pool, Rio Arriba County, New Mexico.

(3) That in the event proration of oil is instituted in the South Blanco-Tecito Pool, suitable provision shall be made for the transfer of allowables from injection wells to other producing wells.

(4) That petitioner, as operator, shall submit monthly reports to the Commission showing the monthly oil production, monthly water production, the amount of water injected into each well here, and such other information as the Commission may from time to time require for the purpose of keeping fully informed as to the progress of operations under the terms of this order.

(5) That petitioner may, as abandonment of producing wells is necessitated by water encroachment, utilize such wells as additional water injection wells upon submitting proper notice to the Commission Secretary and Director, and thereafter reporting operations affecting such wells as hereinabove provided; provided, however, notice of such proposed utilization shall also be given to all parties at interest, and in the event a protest is filed with the Commission within 20 days after the date such notice is served, the Commission may, in its discretion, set the matter for hearing.

IT IS FURTHER ORDERED:

(1) That the application of Lowry et al Operating Account for permission to gauge or meter oil production from Federal Lease NM-03551 and Federal Lease SF-079035-A in a common or central tank battery be, and the same hereby is approved, subject to like approval being obtained from the U. S. Geological Survey; provided, however,

(a) That Petitioner make suitable provision for the metering of oil production to the end that proper accounting can be made to all persons having an interest in such production;

(b) That tests be made at regular intervals of not less than once each month to determine water content of oil produced, for the purposes of accounting for oil production under the method of accounting set up by petitioner as operator.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E L Mechem

EDWIN L. MECHEM, Chairman

E S Walker

E. S. WALKER, Member

W. B. Macey

W. B. MACEY, Member and Secretary

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