

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 9, 1957

IN THE MATTER OF: Case 1352

TRANSCRIPT OF PROCEEDINGS

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3-6691 2-2211

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
December 9, 1957

IN THE MATTER OF:)

Application of the Oil Conservation Commission)
upon its own motion for an order granting an)
exception to the Special Rules and Regulations,)
for the Blinebry Gas Pool, Eumont Gas Pool,)
Justis Gas Pool and Tubb Gas Pool to the)
effect that any over-produced well in said)
pools which had a current allowable assigned)
in excess of its overproduction for any month)
of the current gas proration period, July 1-)
December 31, 1957, shall be considered to have)
been in balance during said month.)

Case 1352

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BEFORE:

MR. A. L. PORTER
MR. MURRAY MORGAN
GOVERNOR EDWIN L. MECHEM

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: The meeting will come to order, please. At the last hearing at the call of the Commission, we continued Case 1327 to December 9th. It was our decision at that time to enter an interim order relative to the overproduced wells in the Jalmat Pool; as a result of that announcement and the ensuing interim order, the Commission had numerous calls from operators asking if the provisions of that interim order would be extended to other pools in Southeast New Mexico, other gas pools. Because of all these calls and questions concerning the order, the Commission

felt it best to call a case on our own motion for the purpose of considering the application of the Rules in Order R-1092 to the other pools in Southeastern New Mexico, and we considered it advisable to call that case first this morning; so at this time we will take up Case 1352.

MR. COOLEY: Case 1352: Application of the Oil Conservation Commission upon its own motion for an order granting an exception to the Special Rules and Regulations for the Blinebry Gas Pool, Eumont Gas Pool, Justis Gas Pool and Tubb Gas Pool to the effect that any overproduced well in said pools which had a current allowable assigned in excess of its overproduction for an month of the current gas proration period, July 1- December 31, 1957, shall be considered to have been balance during said month.

We have one witness in this case.

(Witness sworn)

ELVIS A. UTZ

a witness, of lawful age, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

By MR. COOLEY:

Q State your name and position, please.

A Elvis A. Utz, engineer with the New Mexico Oil Conservation Commission.

~~Q Mr. Utz, in your official capacity as engineer for the~~

Oil Conservation Commission, have you had an opportunity to make a study of the balancing provisions in the various Special Rules and Regulations for the gas pools in Southeastern New Mexico?

A Yes, I have.

Q You are familiar with those rules?

A Yes, sir.

Q Mr. Utz, would you please, for the purpose of clarity, outline the relief that was granted for the overproduced wells in the Jalmat Gas Pool by virtue of Order 1902?

A Yes, I will. I believe to do that it will be best to read the order and then explain its effect. R-1092, pertinent portion of that order is as follows: "That if any well in the Jalmat Gas Pool had an overproduced status at the beginning of any month during the current gas proration period, July 1 to December 31, 1957, which was less than (a) the well's current allowable for said month plus (b) the well's share of the allowable redistributed as a result of the cancellation of underproduction on December 31, 1957, then said well shall be considered to have been in balance during the said month." It would follow that the well would be considered to be in balance for that period, simply because it had been in balance for that month.

Q Been in balance sometime during the period?

A That's right. The present method of determining a well to be in balance is that at the end of any month after the production has been credited to the well net allowable, and if the well

actually shows a zero or is crossed over from an overproduced status, the well is considered to be in balance for that particular time.

Q Now, to clarify that, Mr. Utz, a well must actually show zero or underage status at the end of any given month?

A That's right.

Q Under the present rules and regulations for the Jalmat Gas Pool?

A Yes, sir.

Q Would you explain the effect of this exception?

A The effect of the exception would be to allow an overproduced well to take credit for the following month's current allowable, and if the following month's current allowable is equal to or more than the well's overproduced status for that month, the well will be considered to be in balance. Now that is the effect of the order that I have just read. It simply does this: it allows a well to stay overproduced one current month's allowable. The effect will be to allow some wells to be in balance, where under our present method they would not be in balance and therefore be subject to shutin for the amount of overproduction carried into the next proration period of January 1st, 1958.

Q If a well is in balance during a given proration period and then accrues overage during a period which is carried forward into the next proration period, it is not subject to shutin as a result of that overage?

A No, sir. Any overproduced well has the following proration period of six months to reconcile the production for the preceding period.

Q Mr. Utz, is there in your opinion any other gas pools in Southeastern New Mexico of those with similar conditions as those in the Jalmat Gas Pool?

A Yes, there are. There are a number of overproduced wells in the prorated pools.

Q Would you name the pools and the number of overproduced wells connected to El Paso transportation facilities?

A I have here the data only for the El Paso. In the Blinbry we have seventeen wells which are overproduced, with an average overproduction of twenty-six million one hundred thirty-five cubic feet. The Eumont Gas Pool we have ninety-one wells connected to El Paso which are overproduced with an average of twenty-eight million three hundred forty-seven cubic feet. Justis, one, forty-six million one hundred ninety-five over produced; only one. In Tubb there are five overproduced wells with an average overproduction of seventy-two million five hundred fifty-nine M.C.F.

Now of this number of overproduced wells, there are a number of wells which this interim order will affect and will cause to be in balance, and by virtue of a different interpretation of the balancing procedure.

Q You said the number of wells in this interim order, you mean 1092 would affect?

A Yes.

Q You mean similar relief to that granted in R-1092?

A That is correct. If this order is effective for these four pools.

Q Similarly these wells would benefit from the provisions of that order to the extent that any time their current allowable plus the amount of redistributed allowable as a result of cancellation exceeded their overproduced status for any given month, they would likewise be considered in balance?

A That is correct.

Q Do you feel this relief is warranted in these four gas pools in Southeastern New Mexico?

A Yes, I feel it is warranted. We felt it was warranted in Jalmat, in order to allow wells to continue to produce some gas in December and to have the balancing period from January 1st to June 1st, 1958, in which to make up any overproduction which they have carried into that period. It will afford the overproduced operators some relief.

Q Do you feel that this is an emergency type of situation and that the relief or the provisions of Order R-1092 should not be incorporated as a general rule?

A I definitely feel it is an emergency situation, for the reason that we have had a proration period of something over three years, and the overproduction has gotten in such a state of affairs that they should be granted this particular relief for

this period only.

Q Why do you feel it will be ill advised to make this a portion of the Rules?

A I feel it gives an overproduced well an unfair advantage over a well that can't make its allowable.

Q To what extent, Mr. Utz?

A It causes the overproduced well to carry a current month's overproduction continuously, even to the depletion of the pool, whereas the underproduced well doesn't have any leeway.

Q Then if you had a hundred wells overproduced one month, you would have one hundred months' overproduction, is that correct?

A That's right.

MR. COOLEY: I think that's all the questions I have.

MR. PORTER: Anyone have a question of Mr. Utz?

A It might be well to explain how we are going to arrive at the redistributed allowable which we can't actually arrive at with complete accuracy until after December production is in, so the pipeline will determine, will approximate that figure, which will be about fifteen million or thereabouts credited to each well, by estimating the redistributed allowable which will be credited to the well's current status before the balancing determination is in. In other words, the reason for that is that an overproduced well has the right to produce some overproduction which its production would be equal, its overproduction would be equal to the amount of underage that is going to be cancelled.

That is why we will credit the overproduced wells with an estimated redistributed allowable.

MR. COOLEY: Thank you, Mr. Utz.

MR. PORTER: Any further questions of the witness? The witness may be excused.

(Witness excused.)

MR. PORTER: Does anyone have anything more to offer in this case, any statements or comments?

With regard to Case 1352, it's the decision of the Commission to enter an order with provisions similar to those in Paragraph 2 of Order R-1092.

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C E R T I F I C A T E

STATE OF NEW MEXICO

SS

COUNTY OF BERNALILLO

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 16th day of December 1957, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


NOTARY PUBLIC

My Commission expires:

June 19, 1959