

CASE 5813: OCC ON ITS OWN MOTION TO
CONSIDER THE ADOPTION OF GENERAL RULES
& REGULATIONS GOVERNING ALL ASSOCIATED
OIL & GAS POOLS OF SE AND NW NEW MEXICO

ion

CASE NO.

5813

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

POOL	ACRES OIL GAS	LOCATION LIMITATIONS OIL GAS	GAS-OIL GLR	SPECIAL GAS-OIL DEFINITION OR SPECIAL ALLOY FORMULA	G O R	TEST PERIOD
NW						
Angels Peak Gallup	80 320	790 Q 330 QQ	790 Q 330 QQ	30000	60° gly.	2000 Jan. - Apr. - Jul. - Oct.
Devils Fork Gallup	80 320	ditto	ditto	30000	60° gly.	2000 Nov.
Escrito Gallup	80 320	ditto	ditto	30000		2000 Nov.
Collegos Gallup	80 320	ditto	ditto	30000		2000 April
Tapacito Gallup	80 320	ditto	ditto	30000		2000 Jan. - Jul.
Tocito Dome Penn D	160 320	WI 150' CQQ	WI 150' CQQ	20000		2000
SE						
Bluff San Andres	80 320	WI 150' CQQ	990 Q 330 QQ	30000	60° gly. & volumetric	2000 Jan. - Apr. - Jul. - Oct.
SE Chavez Queen Gas Area	No def. 320	SE 320-acre		30000		2000 March - Sept.
S. Dagger Draw-U. Penn	320 320	SE 320-acre	ditto	30000		8000 March - Sept.
Double L Queen	40 320	330 QQ	WI 150' CQQ	30000		2000 March - Sept.
Jennings-Delaware	40 160	330 QQ	ditto	100000		2000 Nov.
Mesa-Queen	40 160	330 QQ	330 QQ	30000		5000 Jan. - Apr. - Jul. - Oct.
N. Paducah-Delaware	40 160	330 QQ	WI 150' CQQ	30000		3000 Jan. - Apr. - Jul. - Oct.
Pennaco Draw-Sa-Yeso	40 320	330 QQ	WI 150' CQQ	10000		2000 Jan. - Jul.
Peterson-Pennsylvanian	160 320	150 CQQ	SE 320-acre	25000	60° gly.	4000 March - Sept.
Round Fork-Queen	40 160	330 QQ	WI 150' CQQ	30000		6000 Jan. - Jul.
Silver-Pan-Queen Gas	40 160	SE Rules	660 Q 330 QQ	25000		April - Oct.
Todd-Lower San Andres	80 320	200 CQQ	660 Q 330 QQ	30000	60° gly. & volumetric	2000 Jan. - Apr. - Jul. - Oct.
KS Todd-San Andres	80 320	330 QQ	WI 150' CQQ	30000	gas limit 1500 MCFD	5000 Nov.
Trin Lakes-San Andres	40 160	ditto	ditto	30000		2000 Jan. - Jul.
Vest Ranch-Queen	40 320	330	SE 320-acre	30000		2000 March

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
CASE NO. 5813

POOL	ACRES OIL GAS	LOCATION LIMITATIONS OIL GAS	GAS-OIL GLR	SPECIAL GAS-OIL DEFINITION OR SPECIAL ALLOY FORMULA	G O R	TEST PERIOD (Change to semi-annual)
NW						
✓ Angels Peak Gallup	80 320	790 Q 330 QQ	790 Q 330 QQ	30000	60° gly.	2000 Jan. - Apr. - Jul. - Oct.
✓ Devils Fork Gallup	80 320	ditto	ditto	30000	60° gly.	2000 Nov.
✓ Escrito Gallup	80 320	ditto	ditto	30000		2000 Nov.
✓ Collegos Gallup	80 320	ditto	ditto	30000		2000 April
✓ Tapacito Gallup	80 320	ditto	ditto	30000		2000 Jan. - Jul.
✓ Tocito Dome Penn D	160 320	WI 150' CQQ	WI 150' CQQ	20000		2000
SE						
✓ Bluff San Andres	80 320	WI 150' CQQ	990 Q 330 QQ	30000	60° gly. & volumetric	2000 Jan. - Apr. - Jul. - Oct.
✓ SE Chavez Queen Gas Area	No def. 320	SE 320-acre		30000		2000 March - Sept.
✓ S. Dagger Draw-U. Penn	320 320	SE 320-acre	ditto	30000		8000 March - Sept.
✓ Double L Queen	40 320	330 QQ	WI 150' CQQ	30000		2000 March - Sept.
✗ Jennings-Delaware	40 160	330 QQ	ditto	100000		2000 Nov.
✓ Mesa-Queen	40 160	330 QQ	330 QQ	30000		5000 Jan. - Apr. - Jul. - Oct.
✗ N. Paducah-Delaware	40 160	330 QQ	WI 150' CQQ	30000		3000 Jan. - Apr. - Jul. - Oct.
✓ Pennaco Draw-Sa-Yeso	40 320	330 QQ	WI 150' CQQ	10000		2000 Jan. - Jul.
✓ Peterson-Pennsylvanian	160 320	150 CQQ	SE 320-acre	25000	60° gly.	4000 March - Sept.
✓ Round Fork-Queen	40 160	330 QQ	WI 150' CQQ	30000		6000 Jan. - Jul.
✓ Silver-Pan-Queen Gas	40 160	SE Rules	660 Q 330 QQ	25000		April - Oct.
✓ Todd-Lower San Andres	80 320	200 CQQ	660 Q 330 QQ	30000	60° gly. & volumetric	2000 Jan. - Apr. - Jul. - Oct.
✗ KS Todd-San Andres	80 320	330 QQ	WI 150' CQQ	30000	gas limit 1500 MCFD	5000 Nov.
✓ Trin Lakes-San Andres	40 160	ditto	ditto	30000		2000 Jan. - Jul.
✓ Vest Ranch-Queen	40 320	330	SE 320-acre	30000		2000 March

cancel all underproduction

Amend these pool rules
which include
gravity.

Case 5813
Proposed Revision of Associated Pool Rules

I. GENERAL RULES AND REGULATIONS FOR THE ASSOCIATED POOLS OF SOUTHEASTERN AND NORTHWESTERN NEW MEXICO (PROPOSED)

(See Special Pool Rules in each pool for orders applicable to those pools only. Special Pool Rules will be found in the same classification order as in the General Section, and, unless the special rules conflict with the general rule, the general rule is also applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1: Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

RULE 2: After the effective date of this order each well drilled or recompleted on a standard proration unit within an associated pool regulated by this order shall be located as provided below:

OIL WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit

Location-Requirements

40 Acres

Not closer than 330 feet to the boundary of the tract.

80 and 160 acres

Must be located within 150 feet of the center of the quarter-quarter section wherein located

GAS WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit

Location Requirements

160 acres

Must be located within 150 feet of the center of the quarter-quarter section wherein located.

320 acres

Not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit.

ALL WELLS - NORTHWEST NEW MEXICO

Standard Proration Unit

Location Requirements

40 Acres

Not closer than 330 feet to the boundary of the tract

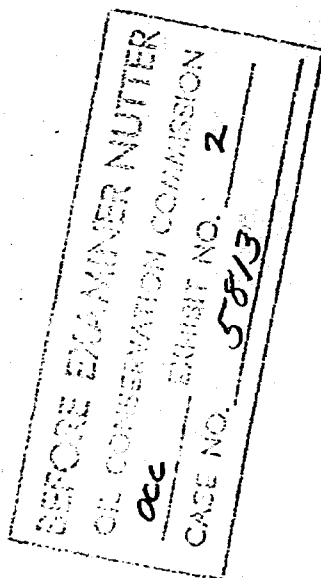
80, 160 and 320 acres

Not closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line.

RULE 3: (a) Each gas well shall be located on a standard unit containing 160 acres or 320 acres, more or less, as provided in the special pool rules therefor.

(b) Each oil well shall be located on a standard unit containing 40 acres, 80 acres or 160 acres, more or less, as provided in the special pool rules therefor.

RULE 4: (a) The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 3(a) or 3(b) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than



75% nor more than 125% of a standard unit.

The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

(1) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(2) Assigning an allowable to the non-standard unit.

(b) The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3(a) or Rule 3(b), when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(2) The non-standard unit lies wholly within a governmental subdivision or subdivisions which would be a standard unit for the well (half quarter section, quarter section, or half section) but contains less acreage than a standard unit.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half quarter section, quarter section or half section (for 80-acre, 160-acre, and 320-acre standard dedications respectively,) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the foresaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

B. WELL CLASSIFICATION AND GAS-OIL RATIO LIMITATION

RULE 5: A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6: That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced.

RULE 7: An oil well shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool. In the event there is more than one oil well on an oil proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is a number equal to the number of acres in a standard oil proration unit in such pool. In the event there is more than one gas well on a gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

C. WELL TESTING

RULE 8: The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under

a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut-in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9: Semi-annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Commission. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor of the appropriate district office of the Commission may grant an exception to the above test requirements where it is demonstrated that the well produces no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10: An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

D. ASSIGNMENT OF ALLOWABLE

RULE 11: Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-102, C-104, C-116, and, in the case of a gas well, a transporter's notice of gas connection, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

E. GAS PRORATIONING

RULE 12: The associated gas proration period shall be the proration month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 13: No associated gas underproduction may be carried forward into any proration month. (See ALTERNATIVE PROPOSED RULE 13 following Rule 21)

RULE 14: Any associated gas well which has an overproduced status at the end of any associated gas proration period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 15: The allowable assigned to a well during any one month of an associated gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 16: The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

F. REPORTING OF PRODUCTION

RULE 17: The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 18: Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

G. GENERAL PROVISIONS

RULE 19: Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 20: All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21: Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

Alternative Proposed Rule 13

RULE 13: (a) Any associated gas well which has an underproduced status at the end of any associated gas proration period, shall carry such underproduction into subsequent periods.

(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward. For purposes of this Rule, the monthly allowable shall be the full monthly allowable which would be assigned an associated gas well with the same acreage dedication in the same pool.

(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with paragraphs (a) and (b) above.

Please note, alternatives of 1, 2, and 3 times the current monthly allowable will be considered with Alternative Proposed Rule 13(b). Comments by interested operators or transporters are solicited.

It will be proposed to reclassify the Jennings-Delaware and the North Paduca-Delaware Pools from associated pools to oil pools.

It will further be proposed to reclassify the Northwest Todd-San Andres Pool from an associated pool to an oil pool; however, special pool rules providing for 80-acre oil well spacing will be retained.

Listing of Pools No & Date of establishment of rules
with order Associated Pool

ASSOCIATED POOLS

Northwest

POOL	ORDER NO.	DATE
Angels Peak Gallup	R-1410	5/28/59
Devils Fork Gallup Associated	R-1641-A	7/10/60
Escrito Gallup	R-1793-A	12/1/60
Gallegos Gallup	R-3707	5/1/69
Tapacito Gallup	R-3211	4/1/67
Tocito Dome Penn D	R-2758	8/3/64

Southeast

Bluitt San Andres Associated	R-1670-I	7/23/69
Southeast Chaves Queen Gas Area	R-4435	12/1/72
South Dagger Draw Upper Penn	R-4637	10/1/73
Double L Queen Associated	R-3981-A	9/1/71
Jennings Delaware	R-4359	8/1/72
Mesa Queen	R-2935	7/13/65
North Paduca Delaware	R-3437	6/18/68
Penasco Draw San Andres Yeso	R-4365	9/1/72
Peterson Pennsylvanian	R-4538	6/1/73
Round Tank Queen	R-1670-J	11/1/71
Sawyer San Andres Gas	R-1517	10/30/59
Todd Lower San Andres	R-1670-G	10/29/65
<i>Redefined Todd upper & lower SA Pools</i>	R-3153	12/1/66
Northwest Todd San Andres	R-4441	11/27/72
Twin Lakes San Andres	R-4102	2/10/71
Vest Ranch Queen	R-5180	4/1/76

BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 OCC EXHIBIT NO. 3
 CASE NO. 5813

Todd SA R-153

Northwest

ASSOCIATED POOLS

POOL	ORDER NO.	DATE
Angels Peak Gallup	<u>R-1410</u> SR	5/28/59
	R-1410-A SR	8/11/59
	R-1410-B SR	9/3/59
	R-1410-C SR	10/1/60
	R-1410-D SR	7/17/62
	R-4367 one yr. Ass Pro Period	8/30/72
	R-4583 April 1 start	8/1/73
Devils Fork Gallup Associated	R-1641 Pro 1 Creative	3/30/60
	R-1641-A SR	7/10/60
	R-1670-B SR	11/1/60
	R-1670-B-1 SR	10/18/62
	R-4367 one yr. Ass Pro Period	8/30/72
	R-4404 Ass Pro Period	9/27/72
	R-4583 April 1 start	8/1/73
	R-5181 Cancel Vol formula	4/1/76
Escrito Gallup	<u>R-1793-A</u> SR	12/1/60
	R-4367 one yr. Ass Pro Period	8/30/72
	R-4404	9/27/72
	R-4583 April 1 start	8/1/73
Gallegos Gallup	<u>R-3707</u> SR	5/1/69
	R-4367 one yr. Ass Pro Period	8/30/72
	R-4583 April 1 start	8/1/73
Tapacito Gallup	<u>R-3211</u> SR	4/1/67
	R-4367 one yr. Ass Pro Period	8/30/72
	R-4583	8/1/73
Tocito Dome Penn D	<u>R-2758</u> SR	8/3/64
	R-2758-A	9/30/64
	R-2758-B	4/1/65
	R-2758-C	8/16/65

160 are factor 4.77

Southeast

ASSOCIATED POOLS

POOL	ORDER NO.	DATE
Bluitt San Andres Associated	R-1670-I <i>SR</i>	7/23/69
	R-4367 <i>voluntary gas pro</i>	8/30/72
	R-4583	8/1/73
Southeast Chaves Queen Gas Area	R-4435 <i>SR</i>	12/1/72
	R-4583	8/1/73
	R-4435-A	12/3/74
	R-4435-B	7/6/76
South Dagger Draw Upper Penn	R-4637 <i>SR</i>	10/1/73
	R-4637-A	10/21/75
Double L Queen Associated	R-3981-A <i>SR</i>	9/1/71
	R-4367 <i>gas pro for period</i>	8/30/72
	R-4434 <i>SR</i>	11/13/72
	R-4583	8/1/73
	R-5180 <i>Controlled vest machine les</i>	4/1/76
	R-4359 <i>SR</i>	8/1/72
	R-4583	8/1/73
Mesa Queen	R-2691 <i>5000 GOR</i>	4/15/64
	R-2935 <i>SR</i>	7/13/65
	R-2935-A	1/13/66
	R-2935-B	1/22/68
	R-4367	8/30/72
	R-4583	8/1/73
North Paduca Delaware	R-3437 <i>SR</i>	6/18/68
	R-3437-A	7/17/69
	R-3437-B	1/15/71
	R-4367	8/30/72
	R-4583	8/1/73
Penasco Draw San Andres Yeso	R-3169 <i>SR</i> <i>drilling</i>	12/28/66
	R-4365 <i>SR</i>	9/1/72
	R-4583	8/1/73
	R-4365-A	10/11/73
Peterson Pennsylvanian	R-4538 <i>SR</i>	6/1/73
	R-4583	8/1/73
	R-4583-B	8/1/73

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Southeast

POOL	ORDER NO.	DATE
Round Tank Queen	<u>R-1670-J</u> SR	11/1/71
	R-4367 one yr gas period	8/30/72
	R-4583	8/1/73
Todd Lower San Andres	R-2600 Todd SR Gas Ref. 2	4/1/64
	<u>R-1670-G</u> SR	10/29/65
	<u>R-3153</u>	12/1/66
	R-4367	8/30/72
	R-4583	8/1/73
Redefined Todd Upper and Todd Lower SR Pools SR lower zone		
Northwest Todd San Andres	<u>R-4441</u>	11/27/72
Reclassified Pool & SR	R-4583	8/1/73
Twin Lakes San Andres	<u>R-4102</u> SR	2/10/71
	R-4102-A	2/8/72
	R-4102-B	2/21/73
	R-4102-C	3/6/73
	R-4102-D 60R 2000	5/17/73
	R-4583	8/1/73
	R-4367 one yr gas period	
Vest Ranch Queen	<u>R-5180</u> SR	4/1/76

{ Sawyer-San Andres Gas R1517 10-30-59

Sawyer SR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 5813
ORDER NO. R-4441-A

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
TO CONSIDER THE ADOPTION OF GENERAL RULES AND
REGULATIONS GOVERNING ALL ASSOCIATED OIL AND
GAS POOLS OF SOUTHEAST AND NORTHWEST NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 23, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of January, 1977, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 Case No. 5813 was called and testimony and exhibits received concerning the associated oil and gas pools of New Mexico, with the objective being the adoption of General Rules and Regulations governing said associated pools.

(3) That the evidence received at said hearing included testimony concerning the Northwest Todd-San Andres Pool in Roosevelt County, New Mexico, and its current status.

(4) That by Order No. R-4441 the Commission created the Northwest Todd-San Andres Pool, classifying it as an associated oil and gas pool, and promulgated Special Pool Rules therefor.

(5) That Order No. R-5353 issued in Case No. 5813 contains Finding No. (14), which states "That the Northwest Todd-San Andres Associated Pool as previously created and defined no longer fits the associated pool classification and should be redefined as an oil pool and the special pool rules therefor amended to provide only for 80-acre oil well spacing units and a gas-oil ratio limitation of 5,000 to 1."

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Case No. 5813
Order No. R-4441-A

(6) That decretory paragraph (6) of said Order No. R-5353 orders "That effective February 1, 1977, the Northwest Todd-San Andres Pool as heretofore classified, defined and described is hereby reclassified as an oil pool with Order No. R-4441 to be superseded by Order No. R-4441-A, to be issued concomitantly with....[Order] No. R-5353."

IT IS THEREFORE ORDERED:

(1) That effective February 1, 1977, Special Rules and Regulations for the Northwest Todd-San Andres Pool, Roosevelt County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTHWEST TODD-SAN ANDRES POOL

RULE 1. Each well completed or recompleted in the Northwest Todd-San Andres Pool or in the San Andres formation within one mile thereof, and not nearer to or within the limits of another designated San Andres oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

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Case No. 5813
Order No. R-4441-A

RULE 4. Each well shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned a depth bracket allowable of 160 barrels, subject to the market demand percentage factor, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

RULE 7. The limiting gas-oil ratio shall be 5,000 cubic feet of gas for each barrel of oil produced.

RULE 8. No gas shall be flared or vented on or after the effective date of this order; provided however, that any well completed in the subject pool after the effective date of this order shall be given 30 days in which to make beneficial use of the produced casinghead gas.

RULE 9. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 8 without notice and hearing when an application has been filed setting forth the facts and circumstances justifying the exception and he determines such action is necessary to prevent waste or protect correlative rights.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Northwest Todd-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall

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notify the Hobbs district office of the Commission in writing of the name and location of the well on or before February 28, 1977.

(2) That, pursuant to Paragraph A of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Northwest Todd-San Andres Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Northwest Todd-San Andres Pool or in the San Andres formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That Commission Order No. R-4441 is hereby superseded.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

Rule 1 Seal

Rule 2a See Spec Rule 2 for spacing

Rule 2b Well Corations for various projects

2c non-std locs

Rule 3 Seal

Rule 4 Non std units

5 30,000 to 1: gas well

6 Early GOR 2000

7 Seal - incl & gas well allowances

8 Seal - well testing

9 Seal testing

10 Seal testing

11 Seal - assignment of allowance

12 Seal Gas Pro Period

13 Seal Over & Under production

14 Seal Overprod SI's

15 Seal Over & Under

16 Seal Over & Under

17 Seal Separating of Prod

18 Seal Separating of Prod

19 Seal Compliance w/ rules

20 Seal Gas Connect notation

21 Seal Release of wells

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5813
Order No. R-5353

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO CONSIDER
THE ADOPTION OF GENERAL RULES AND REGULATIONS
GOVERNING ALL ASSOCIATED OIL AND GAS POOLS OF
SOUTHEAST AND NORTHWEST NEW MEXICO AND THE
ADOPTION OF SPECIAL RULES FOR CERTAIN ASSOCIATED
POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 23, 1976,
at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 17th day of January, 1977, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, 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 Commission has heretofore created and desig-
nated six pools in Northwest New Mexico and 15 pools in Southeast
New Mexico as "associated" oil and gas pools, being pools in which
a gas cap was found to overlie an oil zone.

(3) That in order to prevent waste and to protect correla-
tive rights, the Commission has heretofore promulgated special
rules and regulations for said associated oil and gas pools,
as follows:

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Northwest New Mexico

<u>POOL</u>	<u>COUNTY</u>	<u>ORDER NO.</u>
Angels Peak-Gallup	San Juan	R-1410-C
Devils Fork-Gallup	Rio Arriba	R-5181
Escrito-Gallup	Rio Arriba	R-1793-A
Gallegos-Gallup	San Juan	R-3707
Tapacito-Gallup	Rio Arriba	R-3211
Tocito Dome-Pennsylvanian "D"	San Juan	R-2758

Southeast New Mexico

<u>POOL</u>	<u>COUNTY</u>	<u>ORDER NO.</u>
Bluitt-San Andres	Roosevelt	R-1670-I
Southeast Chaves Queen Gas Area	Chaves	R-4435
South Dagger Draw-Upper Pennsylvanian	Eddy	R-4637
Double L-Queen	Chaves	R-3981-A
Jennings-Delaware	Lea	R-4359
Mesa-Queen	Lea	R-2935
North Paduca-Delaware	Lea	R-3437
Penasco Draw-San Andres-Yeso	Eddy	R-4365
Peterson-Pennsylvanian	Roosevelt	R-4538
Round Tank-Queen	Chaves	R-1670-J
Sawyer-San Andres	Lea	R-1517
Todd-Lower San Andres	Roosevelt	R-1670-G
		R-3153
Northwest Todd-San Andres	Roosevelt	R-4441
Twin Lakes-San Andres	Chaves	R-4102
Vest Ranch-Queen	Chaves	R-5180

(4) That the aforesaid special rules and regulations for the above-named associated oil and gas pools provide, among other things, for the definition of oil wells and gas wells, the size of oil spacing units and gas spacing units, standard well locations, gas-oil ratio limitations, well testing, and gas well allowables.

(5) That there is a wide variation in the various special pool rules applicable to the aforesaid associated pools, not only in substantive content and purpose, but also in format and general manner of presentation.

(6) That said variations have caused confusion and have resulted in unnecessary administrative burden to both the operators in said pools and the Commission.

(7) That the adoption of general rules applicable to all associated pools, with provision for certain special rules applicable to particular pools only, would tend to eliminate said confusion and would ease the administrative burden of both the operators in said pools and the Commission.

(8) That in order to more nearly equalize the time frame within which oil wells and gas wells in associated pools may produce their current allowable, thereby equalizing withdrawals from their respective portions of the associated reservoir, the general rules for associated pools should provide for a one-month proration period for gas wells, and oil wells should continue to be operated under the provisions of Rule 502 of the Commission General Rules and Regulations.

(9) That in order to provide a reasonable period of time for the production of the current allowable from a gas well in an associated pool, provision should be made in the general associated pool rules for underproduction from such well to be carried forward into subsequent proration periods, provided however, that such underproduction in excess of three times the current monthly allowable should not be carried forward, but should be cancelled.

(10) That in order to provide a reasonable period of time in which overproduction of current allowable by a gas well in an associated pool may be compensated for by underproduction, provision should be made in the general associated pool rules for such overproduction to be carried forward into subsequent proration periods, provided however, that any well which is overproduced by an amount exceeding three times its current monthly allowable should be shut in until such well is overproduced by an amount less than three times its current monthly allowable.

(11) That the volumetric gas allowable formulas applicable to the Bluit-San Andres Associated Pool and the Todd Lower-San Andres Associated Pool are no longer effective and should not be included in the special pool rules for said pools.

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(12) That the inclusion of liquid gravity as a criterion in the classification of oil wells and gas wells in the Angels Peak-Gallup, Devils Fork-Gallup, Bluit-San Andres, Peterson-Pennsylvanian, and Todd-Lower San Andres Pools appears to serve no useful purpose, and should be discontinued.

(13) That the Jennings-Delaware Associated Pool and the North Paduca-Delaware Associated Pool, as heretofore created and defined, no longer fit the associated pool classification, and that said pools should be redefined as oil pools subject to the Commission General Rules and Regulations, and the Special Rules for said pools should be rescinded.

(14) That the Northwest Todd-San Andres Associated Pool as previously created and defined no longer fits the associated pool classification and should be redefined as an oil pool and the special pool rules therefor amended to provide only for 80-acre oil well spacing units and a gas-oil ratio limitation of 5,000 to 1.

(15) That the existing special associated pool rules for the remaining 18 associated pools which provide for spacing of oil wells and gas wells, oil well and gas well locations, definition of oil wells and gas wells based on gas-liquid ratios, and special gas-oil ratio limitations, any of which are in conflict with the general rules and regulations for associated pools should be retained, but should be incorporated in one overall order applicable to associated oil and gas pools, and the orders presently applicable to said pools superseded.

(16) That the gas well location requirements for the Double L-Queen Associated Pool should be amended to comply with the general rules and regulations for associated pools.

(17) That all associated pool gas well underproduction should be cancelled as of January 31, 1977.

(18) That the Secretary-Director of the Commission should be authorized to administratively reinstate such cancelled underproduction, up to three times the current monthly allowable, upon a showing by the operator that such underproduction could be made up.

(19) That the rescission, amendment, and supersedure of the Special Pool Rules listed in Finding No. (3) above, and the adoption of General Rules applicable to the associated oil and gas pools in the State of New Mexico in accordance with the above findings will prevent waste and protect correlative rights, is in the public interest, and should be approved.

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IT IS THEREFORE ORDERED:

(1) That effective February 1, 1977, general rules and regulations are hereby adopted for the associated oil and gas pools of Northwest and Southeast New Mexico as follows:

GENERAL RULES AND REGULATIONS FOR THE ASSOCIATED OIL AND GAS POOLS OF NORTHWEST NEW MEXICO AND SOUTHEAST NEW MEXICO.

(See Special Pool Rules for each pool for rules applicable to that particular pool. Special Pool Rules will be found in the same classification order as in the General Section. If the Special Rule is in conflict with the General Rule, the Special Rule shall be applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1. Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing from the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

RULE 2. (a) See Special Pool Rules for applicable size of oil and gas spacing and proration units. Unless otherwise specified by the Special Pool Rules, 40-acre units shall comprise a governmental quarter-quarter section substantially in the form of a square, being a legal subdivision of the United States Public Land Surveys; 80-acre units shall comprise two contiguous quarter-quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental quarter section; 160-acre units shall comprise a governmental quarter section; and 320-acre units shall comprise two contiguous quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 2. (b) Each well drilled or completed on a spacing and proration unit within an associated pool governed by these rules shall be located as provided below:

OIL WELLS AND GAS WELLS - NORTHWEST NEW MEXICO

Standard Proration Unit

40 Acres

Location Requirements

Not closer than 330 feet to the boundary of the tract

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80, 160 and 320 acres

Not closer than 790 feet
to any quarter section line
nor closer than 330 feet
to any quarter-quarter
section line or subdivision
inner boundary.

OIL WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit

Location Requirements

40 Acres

Not closer than 330 feet to
the boundary of the tract

80 and 160 acres

Within 150 feet of the center
of the quarter-quarter
section wherein located

GAS WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit

Location Requirements

160 Acres

Within 150 feet of the
center of the quarter-quarter
section wherein located.

320 Acres

Not closer than 660 feet to
the nearest side boundary
nor closer than 1980 feet
to the nearest end boundary
of the spacing unit nor
closer than 330 feet to any
quarter-quarter section or
subdivision inner boundary.

RULE 2. (c) The Secretary-Director of the Commission shall have authority to grant an exception to the well location requirements of Rule 2(b) above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions or the recompletion of a well previously drilled to another horizon, provided said well was drilled at an orthodox location for such original horizon, or where the size and shape of an approved non-standard spacing and proration unit render a standard location impossible.

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Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based upon topography, the plat shall also show and describe the existent topographical conditions.

All operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Secretary-Director may approve the unorthodox location upon receipt of waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 3. (a) Each gas well shall be located on a standard unit containing 160 acres or 320 acres, more or less, as provided in the special rules for the pool in which it is situate.

(b) Each oil well shall be located on a standard unit containing 40 acres, 80 acres or 160 acres, more or less, as provided in the special rules for the pool in which it is situate.

RULE 4. (a) The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 3(a) or 3(b) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75% nor more than 125% of a standard unit.

The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

(1) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(2) Assigning an allowable to the non-standard unit.

(b) The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3(a) or Rule 3(b), when the unorthodox size or shape of the unit is necessitated

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by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(2) The non-standard unit lies wholly within a governmental subdivision or subdivisions which would be a standard unit for the well (half quarter section, quarter section, or half section) but contains less acreage than a standard unit.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half quarter section, quarter section or half section (for 80-acre, 160-acre, and 320-acre standard dedications respectively) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of Paragraph (3) of this rule, the applicant may furnish proof of the fact that all of the foresaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

B. WELL CLASSIFICATION AND GAS-OIL RATIO LIMITATION

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons.

(b) The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced.

RULE 7. An oil well shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool. In the event there is more than one oil well on an oil proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is a number equal to the number of acres in a standard oil proration unit in such pool. In the event there is more than one gas well on a gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

C. WELL TESTING

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut-in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. (a) Semi-annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Commission. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor

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of the appropriate district office of the Commission may grant an exception to the above test requirements where it is demonstrated that the well(s) produce(s) no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

(b) The Secretary-Director of the Commission shall have authority to grant pool-wide exceptions to Rule 9(a) above, without notice and hearing upon a showing that production from wells within such pool has stabilized to the point where such tests would be of essentially no value for application of these general rules for associated pools.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

D. ASSIGNMENT OF ALLOWABLE

RULE 11. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-102, C-104, C-116, and, in the case of a gas well, a transporter's notice of gas connection, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-oil ratio for the pool.

E. GAS PRORATIONING

RULE 12. The associated gas proration period shall be the proration month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 13. (a) Any associated gas well which has an under-produced status at the end of any associated gas proration period, shall carry such underproduction into subsequent periods.

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(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward but shall be cancelled. For purposes of this rule, the monthly allowable shall be the full monthly allowable which would be assigned an associated gas well with the same acreage dedication in the same pool.

(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with Paragraphs (a) and (b) above.

RULE 14. Any associated gas well which has an overproduced status at the end of any associated gas proration period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount exceeding three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 15. The allowable assigned to a well during any one month of an associated gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 16. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

F. REPORTING OF PRODUCTION

RULE 17. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 18. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

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G. GENERAL PROVISIONS

RULE 19. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 20. All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

(2) That the above General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico shall be applicable to the following associated pools:

NORTHWEST NEW MEXICO

Angels Peak-Gallup	Gallegos-Gallup
Devils Fork Gallup	Tapacito-Gallup
Escrito-Gallup	Tocito Dome-Pennsylvanian "D"

SOUTHEAST NEW MEXICO

Bluitt-San Andres	Penasco Draw-San Andres Yeso
Southeast Chaves Queen	Peterson-Pennsylvanian
Gas Area	Round Tank-Queen
South Dagger Draw-Upper	Sawyer-San Andres
Pennsylvanian	Todd-Lower San Andres
Double L-Queen	Twin Lakes-San Andres
Mesa Queen	Vest Ranch-Queen

(3) That effective February 1, 1977, the following Special Rules and Regulations shall be applicable to the below-named associated pools:

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SPECIAL RULES AND REGULATIONS
FOR THE
ANGELS PEAK-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
DEVILS FORK-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
ESCRITO-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
GALLEGOS-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TAPACITO-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TOCITO DOME-PENNSYLVANIAN "D" ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 160 acres.
A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of
the center of the quarter-quarter section.

Gas wells shall be located within 150 feet of
the center of the quarter-quarter section.

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RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 20,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 20,000 cubic feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
BLUITT-SAN ANDRES ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of the center of the quarter-quarter section.

Gas wells shall be located not closer than 990 feet to the quarter section line nor closer than 330 feet to any quarter-quarter section line.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTHEAST-CHAVES QUEEN GAS AREA ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH DAGGER DRAW-UPPER PENNSYLVANIAN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 320 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) All oil wells and gas wells shall be located not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit nor closer than 330 feet to any subdivision inner boundary.

RULE 6. The limiting gas-oil ratio shall be 8,000 cubic feet of gas for each barrel of oil produced.

RULE 22. The special depth bracket allowable for an oil well on a 320-acre tract shall be 267 barrels of oil per day.

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SPECIAL RULES AND REGULATIONS
FOR THE
DOUBLE L-QUEEN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
MESA-QUEEN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 160 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

RULE 6. The limiting gas-oil ratio shall be 5,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
PENASCO DRAW SAN ANDRES-YESO POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located within 150 feet of the center of the quarter-quarter section.

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 10,000 cubic feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
PETERSON-PENNSYLVANIAN POOL

RULE 2. (a) A standard oil proration unit shall be 160 acres.
A standard gas proration unit shall be 320 acres.

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RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 25,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 25,000 cubic feet of gas per barrel of liquid hydrocarbons.

RULE 6. The limiting gas-oil ratio shall be 4,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
ROUND TANK QUEEN POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

RULE 6. The limiting gas-oil ratio shall be 6,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
SAWYER-SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of more than 25,000 cubic feet of gas per barrel of liquid hydrocarbons. All other wells producing from the Sawyer-San Andres Pool shall be classified as oil wells.

SPECIAL RULES AND REGULATIONS
FOR THE
TODD-LOWER SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 200 feet of the center of the quarter-quarter section.

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Case No. 5813

Order No. R-5353

Gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

SPECIAL RULES AND REGULATIONS
FOR THE
TWIN LAKES-SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
VEST RANCH-QUEEN POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 320 acres.

(3) That effective February 1, 1977, the following orders, as amended, which apply to the aforementioned associated pools, are hereby superseded:

R-1410-C	R-1670-I	R-1670-J
R-5181	R-4435	R-1517
R-1793-A	R-4637	R-1670-G
R-3707	R-3981-A	R-3153
R-3211	R-2935	R-4102
R-2758	R-4365	R-5180
	R-4538	

(4) That the Jennings-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-4359 is hereby rescinded, effective February 1, 1977.

(5) That the North Paduca-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-3437 is hereby rescinded, effective February 1, 1977.

(6) That effective February 1, 1977, the Northwest Todd-San Andres Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool with Order No. R-4441 to be superseded by Order No. R-4441-A, to be issued concomitantly with the instant order, No. R-5353.

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Case No. 5313
Order No. R-5353

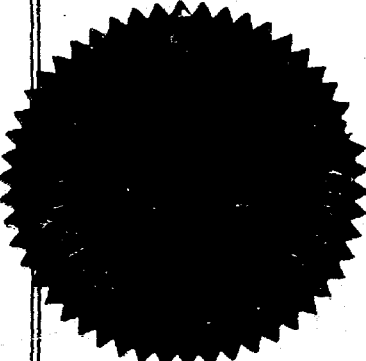
(7) That effective January 31, 1977, all underproduction accrued to gas wells in the associated pools affected by this order is hereby cancelled.

(8) That the Secretary-Director of the Commission is hereby authorized to reinstate any well's accrued underproduction cancelled effective January 31, 1977, provided that such reinstated underproduction shall not exceed three times the well's current monthly allowable and provided further that the application for reinstatement of such underproduction shall contain evidence that the affected well is capable of producing such underproduction and that said application is received by the Secretary-Director not later than April 1, 1977.

(9) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

SPECIAL RULES AND REGULATIONS
FOR THE
SAWYER - SAN ANDRES POOL

Rule 2 (a) a standard oil proration unit shall be 40 acres.

a standard gas proration unit shall be 160 acres

Rule 2 (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

Rule 5 (a) a well shall be classified as a gas well if it has a gas-liquid ratio of more than 25,000 cubic feet of gas per barrel of liquid hydrocarbons. All other wells producing from the Sawyer-San Andres Pool shall be classified as oil wells.

SPECIAL RULES AND REGULATIONS
FOR THE
TODD-LOVER SAN ANDRES POOL

Rule 2 (a) a standard oil proration unit shall be 80 acres.

a standard gas proration unit shall be 320 acres.

Rule 2 (b) Oil wells shall be located within 200 feet of the center of the quarter-quarter section.

gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

SPECIAL RULES AND REGULATIONS
FOR THE
TWIN LAKES - SAN ANDRES POOL

Rule 2 (a) a standard oil proration unit shall be 40 acres

a standard gas proration unit shall be 160 acres

SPECIAL RULES AND REGULATIONS
FOR THE
VEST RANCH - QUEEN POOL

Rule 2 (a) a standard oil proration unit shall be 40 acres

a standard gas proration unit shall be 320 acres

effective January 1, 1977,
(3) That the following orders, as amended, which apply to the aforementioned associated pools are hereby superseded:

R-1410-C	R-1670-I	R-4538
R-1670-B	R-4435	R-1670-J
R-1793-A	R-4637	R-1517 R-1670-G
R-3707	R-3981-A	R-3153
R-3211	R-2935	R-4102
R-2758	R-4565	R-5180
	R-4538	

(4) That the Jennings-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-4359 is hereby rescinded, effective January 1, 1977.

(5) That the North Paduca-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-3437 is hereby rescinded, effective January 1, 1977.

(6) That effective January 1, 1977, the Northwest Todd-San Andres Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool with Order No. R-4441 to be superseded by Order No. R-4441-A, to be issued concomitantly with the instant order, No. R-

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Case No. 5813

Order No. R-

(15) That the gas well location requirements for the Double L-Queen Associated Pool should be amended to comply with the general rules and regulations for associated pools.

(17) That all associated pool gas well under production should be cancelled as of December 31, 1976.

(18) That the Secretary-Director of the Commission should be authorized to administratively reinstate such cancelled underproduction, up to ~~the limits provided in the general rules~~ *three times the current monthly allowable,* and ~~regulations adopted for the associated pools,~~ upon a showing by the operator that such underproduction could be made up.

(19) That the rescission, amendment, and superseding of the Special Pool Rules listed in Finding No. (3) above, ~~permanently to Findings Nos. (8) through (12) above,~~ and the adoption of General Rules applicable to the associated oil and gas pools in the State of New Mexico, ^{in accordance with the above findings} will prevent waste and protect correlative rights, is in the public interest, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective January 1, 1977, general rules and regulations are hereby adopted for the associated oil and gas pools of Northwest and Southeast New Mexico as follows:

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Case No. 5813

Order No. R-

(2) That the above General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico shall be applicable to the following ^{associated} pools:

NORTHWEST NEW MEXICO

Angels Peak-Gallup

Galligos-Gallup

Devils Fork Gallup

Tapasito-Gallup

Escrito-Gallup

Tocito Dome - Pennsylvanian "D"

SOUTHEAST NEW MEXICO

Bluff - San Andres

Penasco Draw - San Andres Yeso

Southeast Chaves Queen

Peterson - Pennsylvanian

Gas Area

Round Tank - Queen

South Dagger Draw - Upper

Sawyer - San Andres

Pennsylvanian

Todd - Lower San Andres

Double L - Queen

Twin Lakes - San Andres

Mesa Queen

Vest Ranch - Queen

(3) That effective January 1, 1977, the following Special Rules and Regulations shall be applicable to the below-named associated pools:

~~(7) That special associated pool rules are hereby promulgated as follows:~~

SPECIAL RULES AND REGULATIONS
FOR THE
ANGELS PEAK-GALLUP ASSOCIATED POOL

RULE 2 (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
DEVILS FORK-GALLUP ASSOCIATED POOL

RULE 2 (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
ESCRITO-GALLUP ASSOCIATED POOL

RULE 2 (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
GALLEGOS-GALLUP ASSOCIATED POOL

RULE 2 (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TAPACITO-GALLUP ASSOCIATED POOL

RULE 2 (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TOCITO DOME-PENNSYLVANIAN "D" ASSOCIATED POOL

RULE 2 (a) A standard oil proration unit shall be 160 acres.
A standard gas proration unit shall be 320 acres.

*Rule 2 (b) Oil wells shall be located within 150 feet of the center of the quarter-quarter section.
Gas wells shall be located within 150 feet of the center of the quarter-quarter section.*

*no special
oil
allowance*

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Case No. 5813

Order No. R-

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 20,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 20,000 cubic feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
BLUITT-SAN ANDRES ASSOCIATED POOL

RULE 2(a) A standard oil proration unit shall be 80 acres.

A standard gas proration unit shall be 320 acres.

*RULE 2(b) Oil wells shall be located within 150 feet of the center of the quarter-quarter section.
Gas wells shall be located not closer than 990 feet to the quarter section line nor closer than 330 feet to any quarter-quarter section line.*

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTHEAST-CHAVES QUEEN GAS AREA ASSOCIATED POOL

RULE 2(a) A standard oil proration unit shall be 40 acres.

A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH DAGGER DRAW-UPPER PENNSYLVANIAN ASSOCIATED POOL

RULE 2(a) A standard oil proration unit shall be 320 acres.

A standard gas proration unit shall be 320 acres.

special oil allowance
Rule 2(b) All ^{oil and gas wells} wells shall be located not closer than 660

feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit nor closer than 330 feet to any subdivision inner boundary.

RULE 6. The limiting gas-oil ratio shall be 8,000 cubic feet of gas for each barrel of oil produced.

RULE 22.

SPECIAL RULES AND REGULATIONS
FOR THE
MESA-QUEEN ASSOCIATED POOL

RULE 2(a) A standard oil proration unit shall be 40 acres.

A standard gas proration unit shall be 160 acres.

RULE 2(b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.
Gas wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

SPECIAL RULES AND REGULATIONS
FOR THE
PENASCO DRAW SAN ANDRES-YESO POOL

Rule 2 (a) A standard oil proration unit shall be 40 acres.

A standard gas proration unit shall be 320 acres.

Rule 2 (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.
Gas wells shall be located within 160 feet of the center of the quarter-quarter section.

Rule (5) A well shall be classified as a gas well if it has a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 10,000 cubic feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
PETERSON - PENNSYLVANIAN POOL

Rule 2 (a) A standard oil proration unit shall be 160 acres.
A standard gas proration unit shall be 320 acres.

Rule 5(a) A well shall be classified as a gas well if it has a gas-liquid ratio of 25,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 25,000 cubic feet of gas per barrel of liquid hydrocarbons.

Rule 6 The limiting gas-oil ratio shall be 4000 cubic feet of gas per barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE

ROUND TANK QUEEN POOL

Rule 2(a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 160 acres.

Rule 6 The limiting gas-oil ratio shall be 6000 cubic feet of gas for each barrel of oil produced.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 23, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the OCC on its
own motion to consider the adoption of
General Rules and Regulations governing
all associated oil and gas pools of
Southeast and Northwest New Mexico.

CASE
5813

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
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3 <u>R. L. STAMETS</u>	
4 Direct Examination by Ms. Teschendorf	3
5 Cross Examination by Mr. Nutter	22

EXHIBIT INDEX

	<u>Offered</u>	<u>Admitted</u>
11 Staff Exhibit One, Chart	5	22
12 Staff Exhibit Two, Proposed Rules & Regs.	7	22
13 Staff Exhibit Three, List	18	22

1 MR. NUTTER: We will call Case Number 5813.

2 MS. TESCHENDORF: Case 5813, in the matter of the
3 hearing called by the Oil Conservation Commission on its own
4 motion to consider the adoption of General Rules and Regulations
5 governing all associated oil and gas pools of Southeast and
6 Northwest New Mexico.

7 (THEREUPON, a discussion was held off
8 the record.)

9 MR. NUTTER: Call for appearances in this case.

10 MS. TESCHENDORF: Lynn Teschendorf appearing for the
11 Commission and I have one witness.

12 MR. NUTTER: Any other appearances?

13 (THEREUPON, the witness was duly sworn.)

14
15 R. L. STAMETS

16 called as a witness, having been first duly sworn, was
17 examined and testified as follows:

18
19 DIRECT EXAMINATION

20 BY MS. TESCHENDORF:

21 Q Please state your name, position and place of
22 residence?

23 A R. L. Stamets, I'm the Technical Support Chief of
24 the Oil Conservation Commission here in Santa Fe, New Mexico.

25 Q How long have you held that position?

1 A Over five years.

2 Q Have you previously testified before the Commission
3 and are your credentials as a geologist a matter of record?

4 A I have previously testified before the Examiners of
5 the Commission and the Commission had my qualifications as
6 both a geologist and as a Technical Support Chief accepted.

7 MS. TESCHENDORF: Is the witness qualified?

8 MR. NUTTER: Yes, he is.

9 Q (Ms. Teschendorf continuing.) Do your duties as
10 Technical Support Chief include making recommendations to the
11 Commission as to the adoption of Rules and Regulations for
12 associated oil and gas pools?

13 A They do.

14 Q What is the purpose of Case 5813?

15 A In this case we are proposing uniform Rules and
16 Regulation for the associated pools of Northwest and Southeast
17 New Mexico and the retention, deletion or amendment of certain
18 existing special associated pool rules.

19 Q Why are you proposing the adoption of uniform Rules
20 and Regulations?

21 A The current associated pool rules have been adopted
22 and developed over a period of time and on a variety of
23 different bases and they are not uniform and they are quite
24 difficult to follow if you are comparing one pool to the next.
25 What may be rule one in one set of pool rules is rule five in

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1 the other, so it is kind of hard for the Commission personnel
2 to follow these things in handling them.

3 Also we are seeking uniformity for the ease of
4 understanding, provide a model for future associated pool rules,
5 eliminate unneeded provisions and simplify Oil Conservation
6 Commission procedures relative to these pools, especially in
7 the area of prorationing.

8 Q Have you prepared copies of the proposed Rules and
9 Regulations and circulated them to interested parties?

10 A Yes, I have. Early in the year I dug all of this out,
11 analyzed the associated pool rules and the problems that we
12 were having thereto and I wrote a proposed set of Rules and
13 Regulations and circulated them with a memorandum in July of
14 '76. At that time I received about seven comments from
15 operators and Commission staff in writing and, of course, a
16 number by telephone and have incorporated some of these
17 proposals into our Rules here.

18 The latest version of the proposed Rules was circu-
19 lated with this docket. Subsequent to that time I received
20 telephone calls from three parties and one letter.

21 Q And these letters are not to be offered as exhibits
22 but you will include them in the case file if anyone wishes
23 to see them?

24 A Yes, I think they should go in the case file.

25 Q Would you please explain Exhibit One?

1 A Yes, Exhibit Number One is a two-part exhibit. At
2 the top we see the current classified associated pools or those
3 pools which have associated rules. From left to right, first
4 we see the area that we are talking about, at the top we have
5 the Northwest Pools and then the Southeast Pools and the next
6 two columns represent the standard acreage assignment in those
7 pools for oil and then gas. The next two columns represent
8 the location limitations set out in those special pool rules
9 for oil wells and gas wells. The next column is the gas-oil
10 GLR. What that means is that, for example, the Angels Peak
11 Gallup Dakota Pool, it says thirty thousand. Any well with
12 a gas-liquid ratio of thirty thousand or greater would be
13 classified as a gas well. Any well under that would be
14 classified as an oil well.

15 The next column shows some special regulations or
16 allowable formulas which may be in there. For example, you
17 see five different pools there where it says, sixty degrees GTV
18 and what that means is any wells in those pools which have a
19 gravity of sixty degrees or greater for the produced liquids
20 would be classified as a gas well.

21 Two of them say volumetric, that means they have
22 volumetric formulas and down at the Northwest Todd San Andres
23 it has a gas limit of fifteen hundred MCF per day.

24 The next column labeled, GOR, represents the
25 limiting gas-oil ratio for that pool. You can see various

1 figures down through there, two thousand, eight thousand, three,
2 five and so on.

3 The last column represents the gas-oil ratio test
4 period for those pools and many of them are set out as to a
5 specific month or set of months.

6 Down below that you see some of the changes that we
7 will be proposing and most of them have a line marked through
8 them. I would like to cover those later, though, after going
9 through the proposed rules.

10 Q Now, refer to Exhibit Two and explain that?

11 A Exhibit Number Two is a set of the proposed Rules and
12 Regulations. I'll try and cover some of these parts as briefly
13 as possible. Some of them I will have to get into more
14 detail.

15 In the preamble here you can see that it says that
16 these special pool rules in each pool will be applicable.
17 These rules that we have here will be applicable where there
18 are not separate, special associated pool rules. This is
19 the same procedure that we currently use with the prorated gas
20 pools of the State.

21 Under Section A, Rule One, that's simply a standard
22 provision which provides that any well drilled to the formation
23 in the pool or within one mile of the pool, will be bound by
24 those rules, unless it is being drilled within a mile of
25 another pool covered by other pool rules.

1 Rule Two provides for standard well location
2 requirements for a variety of acreage dedications. As you
3 can see from Exhibit One, we have oil dedications from forty
4 acres to eighty to a hundred and sixty; gas dedications from
5 a hundred and sixty to three, twenty and also we have a
6 variety of location requirements, so what I have tried to do
7 here is set this out so that we can create a pool and say,
8 okay, the oil spacing will be forty acres, the standard gas
9 spacing will be three, twenty and then we don't have to go
10 into the location requirements because they will automatically
11 be written in here.

12 For example, in the Southeast on forty acres, we
13 would go with the standard forty-acre locations, three hundred
14 and thirty feet, excuse me, being located within three hundred
15 and thirty feet of the boundry of the tract.

16 Skipping on down to, say, three hundred and twenty
17 acres for gas wells in the Southeast. That, again, would
18 follow our Southeast General Rules for three, twenty.

19 In the Northwest, the forty acres, again a standard
20 location, then we have a series of eighty, a hundred and sixty
21 and three twenty and here this simply says that they will be
22 located not closer than seven hundred and ninety feet to any
23 quarter section line or closer than three, thirty to any
24 quarter-quarter section line and this represents the standard
25 spacing in the Northwest for a hundred and sixty and almost all

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1 of the current associated pools that we have in the Northwest.

2 At this point I think we should add a provision which
3 would read almost exactly like Rule 104 (f) of our General
4 Rules and Regulations to permit non-standard locations for
5 topographic reasons.

6 In Rule Three we have again another General Rule which
7 provides that gas wells shall be located on a standard unit
8 of a hundred and sixty or three hundred and twenty acres as
9 provided in the special rules therefor. So when we write an
10 order we will set out in there how many acres will be dedicated
11 to a gas well. In (b) we say again, that an oil well will be
12 located on forty, eighty or a hundred and sixty.

13 Now, the reason for putting these in here is found
14 when we get to Rule Four which is a blanket rule which will
15 cover the granting of non-standard units for any size unit in
16 any pool. We will not then have to rewrite this particular
17 section in every special rule order that we put out after that
18 point. It provides basically that the District Supervisor
19 can grant approval of non-standard units when the size and
20 shape is due to variations in the U. S. Surveys when the
21 difference is not less than seventy-five percent or more than
22 a hundred and twenty-five percent of the standard unit and he
23 does this by accepting a plat and assigning an allowable to
24 the well based on the non-standard unit.

25 In Section (b) of this same rule we provide for the

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1 Secretary-Director granting exceptions to Three (a) and Three
2 (b) when the unorthodox size and shape is necessitated by
3 a variation again in the legal subdivision of the land surveys
4 and the non-standard unit is less than seventy-five percent
5 or more than a hundred and twenty-five percent of the standard
6 unit and the following facts exist. And, again, these are
7 pretty much standard provisions, the way NSU's are assigned
8 in almost every case.

9 We will move on down then to Section B, Well Classi-
10 fication and Gas-Oil Ratio Limitation. Rule Five, a well
11 shall be classified as a gas well if its gas-liquid ratio is
12 thirty thousand or more cubic feet of gas per barrel of
13 liquid hydrocarbons. The well will be classified as an oil
14 well if the GLR is less than thirty thousand. The simultaneous
15 dedication of any acreage to an oil well and a gas well is
16 prohibited.

17 At the present time we do have one such case in
18 the Twin Lakes San Andres Pool but since that is a separate
19 order which has been issued, I don't believe that will be
20 in conflict with this General Rule.

21 MR. NUTTER: In the case of what, simultaneous
22 dedication?

23 A. Yes. It is a simultaneous dedication but the total
24 gas withdrawals from the dedicated acreage is limited so that
25 it would not be more than would be allowed if there were four

1 wells on the acreage.

2 MR. NUTTER: That order number that made that
3 exception, do you have that handy?

4 A. I'm sorry, I don't.

5 MR. NUTTER: Do you know the name of the well?

6 A. No, I don't recall. I would have to look that up.

7 MR. NUTTER: There is one exception, though, to the
8 simultaneous dedication?

9 A. That's right.

10 MR. NUTTER: We will make that a part of the record
11 after the hearing.

12 A. Okay. All right, then, Rule Six, that the limiting
13 gas-oil ratio be two thousand cubic feet of gas per barrel,
14 statewide rule.

15 Rule Seven, an oil well shall be permitted to
16 produce that amount of gas determined by multiplying the top
17 unit oil allowable for the pool by the limiting gas-oil ratio
18 of the pool. In the event there is more than one oil well on
19 an oil proration unit the operator may produce the allowable
20 assigned to the unit from the wells on the unit in any
21 proportion.

22 Then, a gas well shall be permitted to produce that
23 amount of gas by multiplying the top unit oil allowable for
24 the pool by the limiting gas-oil ratio for the pool and by a
25 fraction, the numerator of which is the number of acres

1 dedicated to the particular gas well and the denominator which
2 is a number equal to the number of acres in a standard oil
3 proration unit in such pool. In the event there is more than
4 one gas well on a gas proration unit, the operator may produce
5 the amount of gas assigned to the unit from the wells on the
6 unit in any proportion.

7 These are more or less standard rules that have
8 been slightly adjusted to fit this multiple concept of writing
9 an order.

10 Q (Ms. Teschendorf continuing.) Mr. Stamets, you wanted
11 to make it a part of the record that as advertised you were
12 using the terminology gas-liquid ratio and you did change that
13 to gas-oil ratio for the exhibits?

14 A Yes, it wasn't advertised that way, of course, but as
15 circulated it said gas-liquid ratio and to avoid confusion
16 between the two thousand figure and the thirty thousand
17 figure, I reworded this to gas-oil ratio.

18 MR. NUTTER: With the understanding that gas-oil
19 ratio in this particular case is talking about the amount of
20 gas that can be produced from a well that is classified as an
21 oil well?

22 A Yes.

23 MR. NUTTER: I see.

24 A All right. Under Section C, Well Testing, again a
25 standard section. The operator of each newly completed well

1 shall cause a gas-liquid ratio test to be taken upon recovery
2 of all load oil from the well, provided, however, that in no
3 event shall the test be commenced later than thirty days from
4 the date of first production unless the well is connected to
5 a gas-gathering facility and is producing under a temporary
6 gas allowable.

7 I don't see any need to read the rest of this, it's
8 a standard provision out of every associated pool order.

9 Rule Nine is the one that standardizes the test
10 requirement and it says in part: The semi-annual gas-liquid
11 ratio tests shall be taken on all wells during each year
12 in accordance with a test schedule prepared by the district
13 office of the Commission. The initial gas-liquid ratio test
14 shall suffice as the first semi-annual test. Then it goes
15 on to prescribe the method in which the test shall be taken,
16 a standard provision.

17 Then we put a provision in here that the supervisor
18 of the appropriate district office of the Commission may grant
19 an exception to the above test requirements where it is
20 demonstrated that a well produces no liquids. And I think
21 perhaps we should put the letter "s" in parentheses behind the
22 word "well" and put parentheses around the "s" in "produces"
23 to indicate that he could give multiple exceptions in there
24 for a group of wells.

25 The next section, Rule Nine, provides that the

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1 Secretary-Director may call for special tests and perhaps we
2 should consider granting the Secretary-Director the authority
3 to waive the semi-annual test requirements where production
4 history shows that additional tests would be of little or no
5 value. At the present time we have such provisions for gas-oil
6 ratio tests in other pools and some of these have been tested
7 on an annual basis for many, many years and we might not need
8 semi-annual tests on every one. Of course, as the pools
9 decline in production they tend to stabilize and we don't have
10 these rapid shifts in gas-oil ratios and shifts of wells from
11 gas to oil that we find in newer pools.

12 MR. NUTTER: So you are proposing that a provision
13 be added that would allow the Secretary-Director to waive
14 tests when it warranted them?

15 A. Yes.

16 MR. NUTTER: On a pool-wide basis?

17 A. Yes, on a pool-wide basis.

18 In Rule Ten, provide that the initial shut-in
19 pressure shall be reported on each gas well on Form C-125.

20 We get into D, Assignment of Allowable. Any well
21 completed after the effective date of these rules shall receive
22 an allowable only upon receipt by the appropriate district
23 office of the Commission, a Form C-102, 104, 116 and in the
24 case of a gas well a transporter's notice of gas connection,
25 properly executed. The District Supervisor is authorized to

1 assign a temporary gas allowable to wells connected to a gas
2 transportation facility during the recovery of load oil.

3 The rest of that is a more or less standard provision.

4 Then in Part E, Gas Prorationing, we get into some
5 big changes. I think I will go through some of these rules and
6 then go back over what the changes are.

7 In Rule Twelve we say that the associated gas
8 proration period shall be the proration month which shall begin
9 at seven A.M. on the first day of the month and shall end at
10 seven A.M. on the first day of the next succeeding month.

11 Now, this does represent a big change. The current
12 rules provide up to two years to produce gas from these gas
13 wells. In October of 1976 we had a hundred and twenty-three
14 associated gas wells and of these only two or three appear to
15 be capable of producing or over-producing their allowable. The
16 current system requires considerable hand and machine work to
17 keep track of allowables and the well status for no apparent
18 real benefit. In reducing the associated gas proration period
19 to the proration month we would give gas wells and oil wells
20 the same time to produce like volumes from the pool. These
21 records can be kept in our monthly statistical report and in a
22 much simpler fashion than in the gas proration schedule.

23 In Rule Thirteen we provide here that no associated
24 gas underproduction may be carried forward into any proration
25 month. Now, this would be quite restrictive so that if a well

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1 were underproduced that production could not later be made
2 up.

3 We received a number of comments on this particular
4 provision of people wishing to have some more time to take or
5 make this gas. So, on the last page we have proposed an
6 alternative Rule Thirteen. This rule would allow gas, which,
7 of course, cannot be put in storage like oil and sold later, to
8 give the operator a little more time to make his production.

9 It provides under (a), any associated gas well which
10 has an underproduced status at the end of any associated gas
11 proration period, shall carry such underproduction into
12 subsequent periods.

13 (b) Underproduction in excess of, and at this point
14 you can put in any figure from one to three, times the current
15 monthly allowable shall not be carried forward. For purposes
16 of this Rule the monthly allowable shall be the full monthly
17 allowable which would be assigned an associated gas well with
18 the same acreage dedication in the same pool.

19 (c) Overproduction during any month shall be applied
20 to a well's cumulative underproduction, if any, calculated in
21 accordance with paragraphs (a) and (b) above.

22 Now, getting back to Rule Fourteen. Any associated
23 gas well which has an overproduced status at the end of any
24 associated gas proration period shall carry such overproduction
25 into subsequent periods. If at any time a well is overproduced

1 an amount equalling three times its current monthly allowable,
2 it shall be shut in during that month and each succeeding
3 month until the well is overproduced less than three times
4 its current monthly allowable.

5 Rule Fifteen. The allowable assigned to a well
6 during one month of an associated gas proration period in
7 excess of the production for the month shall be applied against
8 the overproduction carried into such period in determining
9 the amount of overproduction, if any, which has not been
10 compensated for.

11 Rule Sixteen. The Commission may allow overproduction
12 to be compensated for at a lesser rate than would be the case
13 if the well were completely shut in upon a showing after
14 notice and hearing that complete shut in of the well would
15 result in material damage to the well or reservoir.

16 Under Section F we have Reporting of Production.
17 Rule Seventeen requires that each gas well be metered separately
18 and the gas production therefrom reported to the Commission
19 on Form C-115 as required by General Rules and Regulations.

20 Rule Eighteen requires the purchaser or taker of
21 gas to submit a report to the Commission on Form C-111 as
22 required by the General Rules and Regulations, reporting takes
23 from such wells during the month.

24 Under G we have General Provisions. In Rule
25 Nineteen we have, failure to comply with any provisions of these

1 Rules shall result in the immediate cancellation of the
2 allowable assigned to the affected well. No further allowable
3 shall be assigned until all rules and regulations have been
4 complied with. The next sentence says, the Secretary-Director
5 shall notify the operator of the well and purchaser in writing
6 of the date of allowable cancellation and the reason therefor.

7 And perhaps we should change the two words,
8 "Secretary-Director" to read "Commission" for clarification.
9 That may or may not be necessary.

10 Rule Twenty. All transporters or users of gas shall
11 file gas well connection notices with the Commission as soon
12 as possible after the date of connection.

13 Rule Twenty-One. Allowables to wells whose classi-
14 fication has changed from oil to gas or from gas to oil as the
15 result of a gas-liquid ratio test shall commence on the first
16 day of the month following the month in which such test was
17 reported, provided that a plat (Form C-102) showing the
18 acreage dedicated to the well and the location of all wells
19 on the dedicated acreage has been filed.

20 Q. (Ms. Teschendorf continuing.) Would you now refer
21 to Exhibit Three and summarize it?

22 A. Exhibit Three again lists the pools from Exhibit
23 Number One and shows the order number or in the case of the
24 Todd Pool, the two order numbers which establish the special
25 associated pool rules and the date that these orders were entered.

1 Q Would you now refer back to Exhibit One and
2 summarize the additional proposals you had there?

3 A All right, we may even go beyond Exhibit One but
4 we will cover these at least.

5 Looking now at the bottom half of Exhibit One, we
6 propose to drop all of the sixty degree gravity definitions
7 of gas wells. Our examination and in checking with the districts
8 show that these have never been used and they just clutter up
9 the orders.

10 MR. NUTTER: What reservoirs would that pertain to
11 then?

12 A The Angels Peak Gallup, Devils Fork Gallup, Bluit
13 San Andres, Peterson Pennsylvanian and the Todd Lower San Andres.

14 MR. NUTTER: So in that respect you are proposing
15 a rules change for those reservoirs?

16 A Yes.

17 MR. NUTTER: Okay.

18 A We propose to drop the volumetric formula for the
19 Bluit San Andres and Todd San Andres Pools. Production has
20 declined to the point where the formulas are no longer
21 effective.

22 MR. NUTTER: So that is an amendment of the pool
23 rules for those two pools then?

24 A Yes. We propose to change the gas well location
25 requirements in the Double L Queen Pool to fit the Southeast

1 standard three, twenty acre location requirements and this goes
2 along with like requirements in the Southeast Chaves Queen Gas
3 area and the Vest Ranch Queen Pools which are being developed
4 in the same area.

5 MR. NUTTER: So that is a modification to the special
6 pool rules for the Double L Queen in that respect?

7 A. Yes.

8 MR. NUTTER: Oil well locations are not changed for
9 that pool, though?

10 A. That is correct.

11 MR. NUTTER: Now, you say it is the same as in the
12 Southeast Chaves Queen Gas area, is the Double L Queen located
13 in the heart of the Southeast Queen area?

14 A. Yes, it's in the same geographical area and the
15 Southeast Queen is just a broad, general definition which
16 allows development of gas wells and oil wells in a broad area
17 and permits dedication of three, twenty and orderly development.

18 MR. NUTTER: Okay, what other rule changes were you
19 proposing?

20 A. We propose to reclassify the Jennings and North
21 Paduca Delaware Pools to oil pools. Neither of these two
22 produce enough gas to justify continuance of the special
23 associated rules.

24 MR. NUTTER: So in other words that's an abolishment
25 of the special rules for those two pools?

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1 A. Yes, that's correct.

2 We propose to reclassify the Northwest Todd San Andres
3 Pool as an oil pool but we think that the current eighty-acre
4 oil spacing and the five thousand to one gas-oil ratio limita-
5 tion should be retained.

6 MR. NUTTER: But there wouldn't be any gas wells in
7 that pool except maybe under the statewide gas pool definition,
8 gas well definition?

9 A. That is correct. There is only one well left in
10 there and the standard oil and casinghead gas allowable will
11 be sufficient to cover its production.

12 Then we would propose to cancel all underproduction
13 now held by any associated well but provide for administrative
14 reinstatement up to the permissible volume which might be
15 allowed by Rule Thirteen, if the alternative Rule Thirteen
16 is proposed and this would be on the request by the operator
17 and the demonstration that his well could produce such under-
18 production.

19 MR. NUTTER: But it would be the underproduction
20 that would be reinstated, would be subject to whichever of
21 the three alternatives of one, two or three times the current
22 allowable that the Commission adopted?

23 A. That's correct.

24 MR. NUTTER: And any underproduction that any well
25 may have in excess of either one, two or three, whichever the

1 Commission adopts, would just be canceled out?

2 A That is correct.

3 Q (Ms. Teschendorf continuing.) Were Exhibits One,
4 through Three prepared by you or under your supervision?

5 A They were.

6 MS. TESCHENDORF: At this time I offer Exhibits One
7 through Three into evidence.

8 MR. NUTTER: Staff Exhibits One through Three will
9 be admitted in this case.

10 (THEREUPON, Staff Exhibits One through
11 Three were admitted into evidence.)

12 THE WITNESS: I have the letters which were sent in
13 on this at various times.

14

15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Stamets, you are proposing to change the test
18 period for all of these various pools to semi-annual, are you
19 specifying when the semi-annual tests will be made?

20 A No, I'm leaving that up to the districts. They can
21 set these tests up in the manner which will best suit them and
22 the operator.

23 Q I see, they would probably publish a test schedule
24 for their pools in that district and arrange it so that it
25 would rotate around among the pools in such a manner that they

1 may be witnessed or something like that?

2 A Right.

3 Q Now, as I understand it, your gas proration period
4 is thirty days long?

5 A Twenty-eight, to thirty-one, depending on the month.

6 Q And underproduction could be carried from one gas
7 proration period into the other, up to maybe one times the
8 current allowable, which would mean that they can carry one
9 month's underproduction into the next proration period or up
10 to three, depending on the alternative that the Commission
11 chose here?

12 A Right, that is correct.

13 Q And overproduction during that next month would be
14 chargeable against the underproduction that was carried
15 foreward?

16 A That is correct.

17 Q And then any underproduction that hadn't been made
18 up would be cancelled in the same manner that underproduction
19 is cancelled if it is carried into a proration period in the
20 gas pools without being made up during the following period?

21 A That is correct.

22 Q The only real difference here is the length of the
23 proration period?

24 A And it would all be done by the computer in its
25 normal processing of the monthly statistical report and be a

1 much cleaner operation as far as the Commission is concerned.

2 Q And these reservoirs then, would not appear in the
3 gas proration schedules, is that it?

4 A That is correct.

5 Q Would they appear in the oil proration schedule?

6 A They will, every well.

7 Q Will the gas wells appear in the oil proration
8 schedule?

9 A They will.

10 Q I see.

11 MR. NUTTER: Are there any further questions of
12 Mr. Stamets? He may be excused.

13 (THEREUPON, the witness was excused.)

14 MR. STAMETS: Excuse me, I would point out in the
15 top letter recently received from Marathon, they support the
16 three times underproduction carried forward.

17 MR. NUTTER: I might note here that we have received
18 a telegram from L. P. Thompson, Division Manager of Continental
19 Oil Company at Hobbs, probably similar to some of the other
20 correspondence but I got this a little separately so I will
21 read it into the record here. (Reading.) Re Case 5813
22 Concerning General Rules for Associated Reservoirs. Continental
23 concurs in general with the proposed rules and urge the
24 Commission to adopt the alternate Rule Thirteen which would
25 permit the accumulation of underproductions by gas wells. We

1 point out that gas wells require pipeline connection upon
2 completion and a change of connection sometimes upon reclassi-
3 fication. This fact, plus seasonal variations in gas
4 demands sometimes places gas wells at a disadvantage in
5 comparison to oil wells which have steadier demand and greater
6 flexibility of transportation for sale. (End of reading.)

7 Now, I don't know, all three of your alternatives
8 propose the accumulation of underproduction, is that not correct?

9 MR. STAMETS: That is correct.

10 MR. NUTTER: So I don't know if they mean the
11 alternative one that allows one month's underproduction to
12 accumulate or the other two.

13 MR. STAMETS: I would point out that the draft that
14 was circulated had the number three in the body of the proposal
15 and then the numbers one to three were noted below, so it's
16 possible that they missed the alternative to the alternative
17 and they are probably seeking three months.

18 MR. NUTTER: Okay. The basic Rule Thirteen said no
19 underproduction is going to be carried forward, then you had
20 an alternative Rule Thirteen and in the body of it it said
21 underproduction for three months would be carried forward?

22 MR. STAMETS: Yes.

23 MR. NUTTER: Then down below you pointed out that
24 that might be altered, the alternative might be altered to
25 one, two or three?

1 MR. STAMETS: Right.

2 MR. NUTTER: Okay. Does anyone else have anything
3 to offer in Case 5813? John?

4 MR. EICHELMANN: Mr. Examiner, my name is John
5 Eichelmann, Jr. I represent El Paso Natural Gas Company and
6 El Paso Natural would like the record to show that they favor
7 alternative Rule Thirteen and further that they would prefer
8 the three times current monthly allowable be considered with
9 the alternative proposed Rule Thirteen.

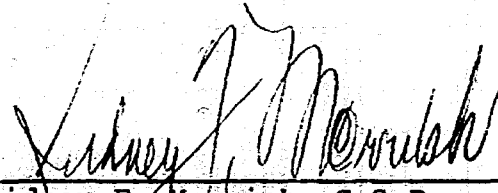
10 MR. NUTTER: Thank you. Mr. Hanagan did you have
11 anything for this case?

12 MR. HANAGAN: No, I don't.

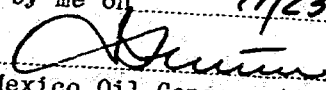
13 MR. NUTTER: Does anyone have anything they wish to
14 offer in Case Number 5813? We will take the case under
15 advisement.
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5813
heard by me on 11/23, 19 76
, Examiner
New Mexico Oil Conservation Commission

Docket No. 33-76

Dockets Nos. 34-76 and 1-77 are tentatively set for hearing on December 15, 1976 and January 5, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - DECEMBER 1, 1976

9 A.M. OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5719: Application of La Rue and Muncy for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of La Rue and Muncy, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5720: Application of Harvey E. Yates for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his State Wells Nos. 1, 2, 3, 4, and 6 located in Units G, B, A, J, and H, respectively, of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Harvey E. Yates, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5721: Application of H&S Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of H&S Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5722: Application of Gene Snow for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his Elk Well No. 1, located in Unit L of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Gene Snow, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5723: Application of Marbob Energy Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Elliott Well No. 1 located in Unit E of Section 28, and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Marbob Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 32-76

Dockets Nos. 34-76 and 1-77 are tentatively set for hearing on December 15, 1976 and January 5, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 23, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5810: Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Stonewall "EP" Com Well No. 1, located in Unit F of Section 30, Township 20 South, Range 28 East, Eddy County, New Mexico, to produce gas from the North Burton Flat-Wolfcamp Gas Pool and an undesignated Morrow gas pool.

CASE 5811: Application of Coquina Oil Corporation for an offset allowable reduction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a restricted allowable for the Monsanto Company Cerf Federal Com Well No. 2 for the Strawn and Morrow zones in said well, a dual completion located in Unit F of Section 10, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico, on the grounds that a dry hole in both of said zones was previously drilled on the acreage assigned to the subject well.

CASE 5812: Application of Petroleum Development Corporation for an exception to Order No. R-3221, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its CleveRock-Pedco State Well No. 1, located in Unit I of Section 16, Township 19 South, Range 32 East, East Lusk-Bone Spring Field, Lea County, New Mexico.

CASE 5813: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the adoption of General Rules and Regulations governing all associated oil and gas pools of Southeast and Northwest New Mexico. Also to be considered will be the adoption of special rules for certain associated pools, including well location and acreage dedication requirements, classification of oil wells and gas wells, gas-oil ratio limitations, gas allocation, and well testing.

CASE 5814: Southeastern New Mexico nomenclature case calling for the creation and extension of certain pools in Lea and Eddy Counties, New Mexico:

a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Cedar Canyon-Delaware Pool. The discovery well is the Skelly Oil Company Cedar Canyon Well No. 1 located in Unit P of Section 9, Township 24 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 9: SE/4

b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the West Corbin-Delaware Pool. The discovery well is the Aztec Oil and Gas Company West Corbin Well No. 2 located in Unit H of Section 18, Township 18 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 18: NE/4

c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Elbow Canyon-Delaware Pool. The discovery well is the C & K Petroleum, Inc. Allied Chemical Federal Well No. 1 located in Unit E of Section 4, Township 24 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 4: NW/4

d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Grayburg-Atoka Gas Pool. The discovery well is the Depco Inc. Conoco State Com Well No. 1 located in Unit K of Section 15, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 15: NW/2

e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Cisco production and designated as the Vacuum-Cisco Pool. The discovery well is the Southern Union Supply Company Pennzoil State Well No. 1 located in Unit H of Section 18, Township 17 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 18: NE/4

- f) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 22: SE/4
Section 27: N/2 NW/4
Section 28: S/2 NE/4

- g) EXTEND the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 1: SE/4

- h) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM
Section 19: SW/4
Section 30: NW/4

- i) EXTEND the South Carlsbad-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 20: NE/4 SW/4

- j) EXTEND the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 14: N/2 NE/4
Section 27: S/2 NE/4

- k) EXTEND the Garrett-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM
Section 20: SE/4

- l) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 1: N/2

- m) EXTEND the Indian Flats-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 35: NW/4 SW/4

- n) EXTEND the Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 11: W/2

- o) CONTRACT the vertical limits of the Kennitz-Pennsylvanian Pool in Lea County, New Mexico, to the Cisco formation only, redesignating said pool the Kennitz-Cisco Pool and redefining said pool to comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 13: N/2 and SE/4

- p) EXTEND the vertical limits of the North Vacuum-Morrow Gas Pool in Lea County, New Mexico, to include the Atoka formation, redesignating said pool the North Vacuum-Atoka-Morrow Gas Pool. Also, extend said North Vacuum-Atoka-Morrow Gas Pool to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 7: E/2
Section 8: W/2

- q) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 35: All

I. GENERAL RULES AND REGULATIONS FOR THE ASSOCIATED POOLS OF SOUTHEASTERN AND NORTHWESTERN NEW MEXICO (PROPOSED)

(See Special Pool Rules in each pool for orders applicable to those pools only. Special Pool Rules will be found in the same classification order as in the General Section, and, unless the special rules conflict with the general rule, the general rule is also applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1: Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

RULE 2: After the effective date of this order each well drilled or recompleated on a standard proration unit within an associated pool regulated by this order shall be located as provided below:

OIL WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit	Location-Requirements
40 Acres	Not closer than 330 feet to the boundary of the tract.
80 and 160 acres	Must be located within 150 feet of the center of the quarter-quarter section wherein located

GAS WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit	Location Requirements
160 acres	Must be located within 150 feet of the center of the quarter-quarter section wherein located.
320 acres	Not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit.

ALL WELLS - NORTHWEST NEW MEXICO

Standard Proration Unit	Location Requirements
40 Acres	Not closer than 330 feet to the boundary of the tract
80, 160 and 320 acres	Not closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line.

RULE 3: (a) Each gas well shall be located on a standard unit containing 160 acres or 320 acres, more or less, as provided in the special pool rules therefor.

(b) Each oil well shall be located on a standard unit containing 40 acres, 80 acres or 160 acres, more or less, as provided in the special pool rules therefor.

RULE 4: (a) The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 3(a) or 3(b) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than

75% nor more than 125% of a standard unit.

The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

- (1) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and
- (2) Assigning an allowable to the non-standard unit.

(b) The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3(a) or Rule 3(b), when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (2) The non-standard unit lies wholly within a governmental subdivision or subdivisions which would be a standard unit for the well (half quarter section, quarter section, or half section) but contains less acreage than a standard unit.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half quarter section, quarter section or half section (for 80-acre, 160-acre, and 320-acre standard dedications respectively,) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the foressaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

B. WELL CLASSIFICATION AND GAS-OIL RATIO LIMITATION

RULE 5: A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6: That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced.

RULE 7: An oil well shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on an oil proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is a number equal to the number of acres in a standard oil proration unit in such pool. In the event there is more than one gas well on a gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

C. WELL TESTING

RULE 8: The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under

a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut-in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9: Semi-annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Commission. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the first 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor of the appropriate district office of the Commission may grant an exception to the above test requirements where it is demonstrated that the well produces no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10: An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

D. ASSIGNMENT OF ALLOWABLE

RULE 11: Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-102, C-104, C-116, and, in the case of a gas well, a transporter's notice of gas connection, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

E. GAS PRORATIONING

RULE 12: The associated gas proration period shall be the proration month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 13: No associated gas underproduction may be carried forward into any proration month. (See ALTERNATIVE PROPOSED RULE 13 following Rule 21)

RULE 14: Any associated gas well which has an overproduced status at the end of any associated gas proration period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 15: The allowable assigned to a well during any one month of an associated gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 16: The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

F. REPORTING OF PRODUCTION

RULE 17: The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 18: Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

G. GENERAL PROVISIONS

RULE 19: Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 20: All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21: Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

Alternative Proposed Rule 13

RULE 13: (a) Any associated gas well which has an underproduced status at the end of any associated gas proration period, shall carry such underproduction into subsequent periods.

(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward. For purposes of this Rule, the monthly allowable shall be the full monthly allowable which would be assigned an associated gas well with the same acreage dedication in the same pool.

(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with paragraphs (a) and (b) above.

Please note, alternatives of 1, 2, and 3 times the current monthly allowable will be considered with Alternative Proposed Rule 13(b). Comments by interested operators or transporters are solicited.

It will be proposed to reclassify the Jennings-Delaware and the North Paduca-Delaware Pools from associated pools to oil pools.

It will further be proposed to reclassify the Northeast Todd-Cam Andrus Pool from an associated pool to an oil pool; however, special pool rules providing for 80-acre oil well spacing will be retained.

R. L. STAMETS

Letters received re

July 76 Memo

Attr:

Dick Stamets

**Marathon
Oil Company**

David O. Cordell
Division Attorney
Casper Division

NOV 22 1976
NEW MEXICO
OIL CONSERVATION COMM.
Santa Fe

P.O. Box 120
Casper, Wyoming 82602
Telephone 307/235-2511

November 19, 1976

Joe D. Ramey, Esq.
Secretary-Director
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: Case No. 5813: Adoption of Revisions
of General Rules and Regulations
Governing all Associated Oil and Gas
Pools of Southeast and Northwest New Mexico

Dear Mr. Ramey:

The following comments are submitted by Marathon Oil Company's Casper Division relative to the proposed revisions of the captioned rules for wells in Northwest New Mexico. I believe we also speak for Marathon's Houston Division which operates wells in Southeast New Mexico.

Generally speaking, Marathon is of the opinion that the proposed revisions are beneficial and an improvement over the existing rules.

We respectfully suggest that the final version of the revision of these rules be worded in such a manner it is perfectly clear that:

1. The General Rules and the currently proposed revisions thereof are in no manner intended to limit the establishment of Special Field Rules in the future.
2. If Special Field Rules presently exist or are established in the future, they will take precedence and control over any contrary provisions in the General Rules. This perhaps could be an additional statement added to the introductory parenthetical statement made under Paragraph I.
3. By revision of the General Rules or establishment of new rules in captioned case, there is no intention to modify or annul any existing Special Field Rules.

With respect to the language of the proposed revisions of Rules 5 and 6, we would recommend that the language be worded in such

Joe D. Ramey, Esq.
November 19, 1976
Page - two

a manner that there be no question the Commission would retain the right in appropriate instances, and without the necessity of further notice and hearing to amend captioned General Rules, to establish gas-liquid ratios and/or limiting gas-oil ratios, different from those set forth in the General Rules, for specific pools.

In that it would appear to be only fair that what is sauce for the goose should likewise be sauce for the gander, we urge the adoption of alternative proposed Rule 13 with three times the current monthly allowable as the appropriate amount under Sub-paragraph (b) of that Rule.

We will appreciate your causing the comments set forth above in this letter to be made a part of the record in said Case No. 5813.

Yours very truly,



David O. Cordell
Division Attorney

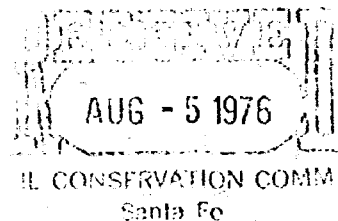
DOC/eh

cc: Mr. W. C. Sylvester
Mr. J. L. Campbell
Mr. W. B. Leach, Jr., Houston
Mr. R. P. Scott, Midland

**Marathon
Oil Company**

Morris G Gray
Division Attorney
Casper Division

PO Box 120
Casper Wyoming 82601
Telephone 307/235 2511



July 29, 1976

Mr. Joe D. Ramey, Esq.
Secretary-Director
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: Revision of Associated Well Pool Rules

Dear Mr. Ramey:

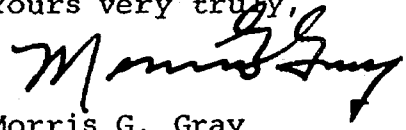
The following comments are submitted for your consideration by Marathon Oil Company's Casper Division relative to the proposed rule changes indicated for wells in Northwest New Mexico.

Rules 5 and 6. These proposed rules define gas wells and oil wells on the basis of whether their gas/oil ratios are more or less than 30,000 cubic feet per barrel of liquid, and set a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil. We question the wisdom of adopting one rigid formula for all pools in Northwest New Mexico. Because saturation conditions vary widely among different pools in this area, we believe it would be better to provide for these matters by field rules for individual pools. In any event, flexibility should be retained to permit the establishment of different limiting GOR's for individual pools by special order where the conditions show such to be necessary or justified.

Rules 13 and 14. Under these rules, no carry forward is allowed for under-production (Rule 13), but over-production not in excess of three times the monthly allowable can be carried forward. We believe that some provision should be made to authorize under-production not in excess of stated limits (and we would suggest three times the normal monthly allowable) to be made up under justifiable circumstances, such as increases in productivity by workovers or recompletions.

Your consideration of these suggestions will be appreciated.

Yours very truly,


Morris G. Gray
Division Attorney

MGG/eh

cc: Mr. W. C. Sylvester
Mr. R. E. Grove



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS RD. - AZTEC

87410

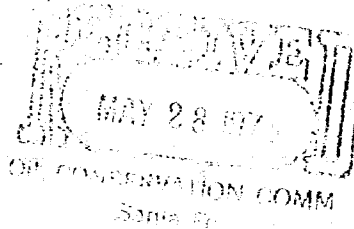
LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

May 24, 1976



Mr. R. L. Stamets
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Proposed Rules for Associated Pools

Dear Dick:

Some of the associated pool rules are revisions of Rule R-1670 and some come from special pool rules for oil pools.

Those under R-1670 have a provision in Rule 5 (B) which allows the District Supervisor to approve non-standard acreages of plus-or-minus 25%. Those from the other route would not have that provision.

The provision for district approval has worked so well here that I am afraid Emery and I applied it to more than wells in prorated pools.

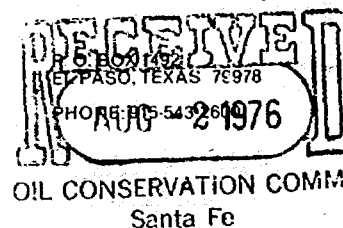
I recommend that the plus-or-minus 25% provision be put in Rule 104 and in your proposed Rule 4 of the Associated Pools.

Yours very truly,

A. R. Kendrick
Supervisor, District #3

ARK:mc

El Paso NATURAL GAS
COMPANY



July 29, 1976

The New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe Ramey, Secretary-Director

Dear Mr. Ramey:

Reference is made to your Memorandum seeking comments on a draft of General Rules and Regulations for the Associated Pools of Southeastern and Northwestern New Mexico.

We too, see a desire for more uniform rules governing all the associated pools. In accordance with this move to standardize the rules, we respectfully submit the following comments to the draft of rules presented in your Memorandum:

Rule 1: The word "located" should be inserted in the sentence between the words "spaced" and "drilled." This addition would complement the wording in Rule 2.

Rule 2: Standard Proration Unit
40 acres: It may be desirable to standardize on one word as either "nearer" or "closer."

80 and
160 acres-Southeast N. M.:
The proposed rule provides for the well to be located nearer the center of a quarter-quarter section but the

Letter to Mr. Joe Ramey
July 29, 1976
Page Two

footage tolerance is smaller than under the present rule. A radius of 186 feet (instead of 150 feet) would provide the same area on which to locate a well as does a 320 foot square. Maybe 200 foot radius would permit more wells to be located without requiring non-standard location.

320 Southeast N. M.: The new rule provides
acres: the same minimum distances from boundaries of spacing unit and also provides four times the area on which to locate the well.

80 Northwest N. M.: The new proposal has an
acres: invalid distance to boundary line. For more even and orderly development, the same location requirement should be used as in Southeast N. M.

160 & Northwest N. M.:
320 The new proposal provides 1.75 to 7.0 times
acres: the area on which to locate the well on 160 acre spacing depending on which spacing rules you are comparing. For 160 acre spacing, this proposal may be better than the 160 spacing for Southeast N. M. The 320 acre spacing for Northwest N. M. provides a choice of two 25 acre plots on which to locate a well (one in each 160 acre tract) while the Southeast N. M. spacing provides one 40 acre tract in the center of the 320 acre tract. Each procedure has advantages and disadvantages.

Rule 3(a): This rule should include 640 acres as a standard unit.

Rule 3(b): This rule should include 320 acres as a standard unit.

Rule 3(a): The last word in each statement should be "therefor"
& (b) and not "therefore."

Letter to Mr. Joe Ramey
July 29, 1976
Page Three

- Rule 4 (a): No Comment
(b): No Comment
(c) & (d): The words "and/or owners" should be coupled with "operators" to insure that all "interested" parties will be notified. This addition of words may be necessary due to the definition of "operator" and "owner" from Page A-3 of Rules and Regulations.
- Rule 5: The old rules provided oil-gas classification at various values of GOR as 10,000, 20,000, 25,000, 30,000 and 100,000. The new rule sets a value of 30,000 as the classification value.
- Rule 6: The old rules provide limiting GOR's at 2,000, 3,000, 4,000, 5,000, 6,000 and 8,000. The new rule sets the limiting GOR at 2,000. What is the optimum value of the limiting GOR for these pools?
- Rule 7: No Comment
- Rule 8: Does this proposed rule say that gas can be flared from a well if the GOR is less than 30,000? (See Statewide Rule 306 - No Flare Rule).
- Rule 9: The present rules require either annual, semi-annual or quarterly GOR's. The proposed rule requires semi-annual tests in all pools.
- Rule 10: No Comment
- Rule 11: The proposed rule should include the requirement of filing a Form C-104 before an allowable can be assigned.
- Rule 12: The proposed rule should be expanded to incorporate Rule 21 (E), General Rules and Regulations Northwestern New Mexico, in its entirety. This Rule 21 (E) was originally introduced in Order R-2086 to permit reporting of metered gas production on a chart-period basis.

Letter to Mr. Joe Ramey
July 29, 1976
Page Four

Rule 13: The present rules provide for a make-up period for underproduction to be made up on a well. The proposed rule should be changed to read as Rule 14 (A) and Rule 14 (B) of General Rules and Regulations Northwestern New Mexico as follows:

Rule 14 (A) Underproduction: Any non-marginal well which has an under-produced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

Rule 14 (B) Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

Rule 14:	No Comment
Rule 15:	No Comment
Rule 16:	No Comment
Rule 17:	No Comment
Rule 18:	No Comment
Rule 19:	No Comment
Rule 20:	No Comment
Rule 21:	No Comment

Letter to Mr. Joe Ramey
July 29, 1976
Page Five

It is our hope that the comments submitted above will aid you in writing a set of combined rules for the wells in the pools designated in your Memorandum. If you have any questions regarding our suggestions, please contact us, and we will be happy to discuss these rules with you.

Yours very truly,

E. R. Manning
E. R. Manning

ERM:eh



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT
ROCKY MOUNTAINS-U.S.
DENVER DIVISION
J. C. WHITE
ASSISTANT DIVISION MANAGER

JULY 27, 1976

JUL 29 1976
NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2100
DENVER, COLORADO 80201

REVISION OF ASSOCIATED POOL RULES
6.02

MR. JOE D. RAMEY
NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

DEAR MR. RAMEY:

YOUR RECENT UNDATED MEMORANDUM SOLICITED COMMENTS ON CERTAIN PROPOSED REVISIONS OF ASSOCIATED POOL RULES. AS DISCUSSED BELOW, TEXACO'S DENVER DIVISION IS PRIMARILY CONCERNED WITH THOSE RULES DEALING WITH WELL LOCATION REQUIREMENTS.

FIRST, TEXACO FEELS VERY STRONGLY THAT WELL LOCATIONS, REGARDLESS OF THE SPACING DENSITY, SHOULD BE SUCH TO AFFORD MAXIMUM FLEXIBILITY FOR FUTURE INFILL DRILLING. TO THIS END, YOU ARE RESPECTFULLY URGED TO DRAFT LANGUAGE FOR LOCATION REQUIREMENTS THAT WILL PROHIBIT DRILLING ON CENTER 160'S AND PERMIT FUTURE DRILLING ON 40'S, 80'S, 160'S, 320'S, OR 640'S.

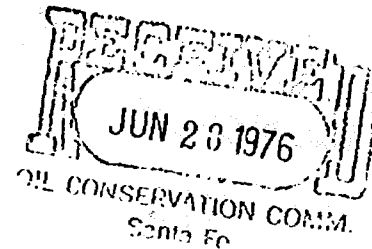
SECOND, IT IS SUGGESTED THAT REQUIRED WELL LOCATIONS BE DESCRIBED WITH RESPECT TO THE APPROPRIATE PRORATION UNIT OR DRILLING AND SPACING UNIT RATHER THAN THE 'TRACTS', SECTIONS, SUBDIVISIONS OF SECTIONS, OR LEASES.

VERY TRULY YOURS,

J. C. White

LEA:RJM

DALPORT OIL CORPORATION
1134 THE 600 BUILDING
CORPUS CHRISTI, TEXAS 78401



CODE 512-882-7863

June 24, 1976

Mr. Dick Stamets
NMOCC
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Case #4843
Southeast Chaves Gas Area

Dear Dick,

At the hearing we discussed the relative value of an oil well compared to a gas well and whether the 30,000-1 limitation should be increased to 100,000-1. There are no remote oil wells in the Southeast Chaves Area that have a GOR of 30,000-1 and which are unconnected to a casinghead line.

Your "Draft Proposal" for Associated Pools looks good. Rule 9 mentioned exactly what we need in Case 4843 concerning the supervisor being able to grant an exception to testing a gas well that produces no liquids. You mentioned this in the hearing, and it should be incorporated in the Southeast Chaves rules.

Since there will be more oil wells drilled adjacent to gas in the Southeast Chaves Area, a rule concerning oil wells is warranted. The rule could refer to your finalized form of General Rules for Associated Pools.

If I can provide any further information, please contact me.

Very truly yours,


Leon M. Lampert

LML/ckc

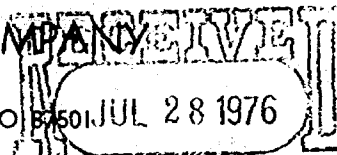
cc: Mr. Sim Christy IV
P.O. Box 1180
Roswell, New Mexico 88201

DONALD G. STEVENS
214 Old Santa Fe Trail
505-982-8583
Santa Fe

STEVENS OIL COMPANY

P. O. BOX 1797

SANTA FE, NEW MEXICO 87501



OIL CONSERVATION COMM.

Santa Fe

CURTIS STEVENS
505-622-7273
Security Nat'l Bldg.
P. O. Box 2203
Roswell, N. M. 88201

July 27, 1976

Mr. Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Revision of Associated Pool Rules

Dear Mr. Ramey:

Your memorandum regarding general rules and regulations for associated pools of southeastern and northwestern New Mexico has been received and considered. Stevens Oil Company is an operator of the Twin Lakes San Andres associated pool and has the following suggestions regarding the proposed rules:

- a) Rule 5. It is suggested that the last sentence of said rule read as follows, "the simultaneous dedication of any acreage to an oil well and a gas well is prohibited unless approved by previous or future hearings before the Commission on such dedication". The Twin Lakes San Andres field has simultaneous dedication of one 160-acre tract, with a provision that the total gas produced from said unit not exceed the amount allowed without such dedication. This provision was allowed by hearing in order to allow recovery of oil not otherwise recoverable under the unit. The proposed change would allow the continuance of this exception and prevent the plugging of producing wells and consequent waste.
- b) Rule 9. It is suggested that gas-liquid ratio tests be taken on a semi-annual basis during the first year after completion or workover and annually thereafter with an exception whereby wells with a gas-liquid ratio between 20,000 and 40,000 to 1 be tested semi-annually. Gas-oil ratio tests are onerous and expensive and tend to disrupt normal production and occasionally cause waste

Mr. Joe D. Ramey, Secretary-Director
Page two

July 27, 1976

of both gas and oil. It is felt that the 20,000 to 40,000 to 1 GOR wells' being tested semi-annually, or even quarterly at the Commission's desire, would provide sufficient data for proper classification by the Commission.

We shall be happy to take part in a hearing the Commission may call on this matter.

Yours very truly,

Donald G. Stevens/wl

Donald G. Stevens

DGS/wl

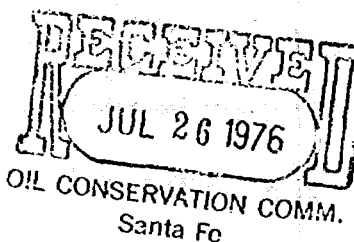


PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79761
PHILLIPS BUILDING

NATURAL RESOURCES GROUP
Exploration and Production


July 21, 1976



General Rules & Regulations
for the Associated Pools of
Southeastern and Northwestern
New Mexico

File: W4-Ta-370-76

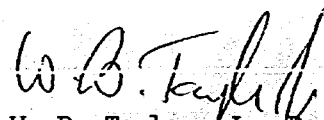
New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey, 
Secretary-Director

Gentlemen:

Phillips Petroleum Company wishes to advise that it has no objections to the draft of the General Rules and Regulations for Associated Pools as proposed by the Commission's memorandum on that subject and recommends their adoption.

Very truly yours,



W. B. Taylor, Jr., Regional
Reservoir Engineering Director

HM:db

cc: Messrs. R. S. Emerson
J. E. Curzon
J. V. Peacock

~~Joey~~ Dick

The attached are some proposed rules for Associated Gas Pools similar to our R1670 rules for private gas pools.

The last page lists the associated pools and the variations of location, GLR, GOR, etc.

These rules would eliminate volumetric formulas and the carrying of underproduction.

All wells would be listed in the oil schedule and the computer would flag those with 3 months overproduction in the Stat Book. Perhaps it could be used to notify operators and transporters of overproduction problems as well.

Comments?

Dick - MELBAE I WENT OVER THIS
& IT WILL BE OKAY - I WON'T REALLY
ADD TOO MUCH LOAD TO THE OIL SCHEDULE.

Telegram

Western Union

Telegram

Western Union

RECEIVED

NOV 22 1976

OIL CONSERVATION COMMISSION

1976 NOV 22 PM 1:40

IPMFEKA SANA
1-024036A327 11/22/76
TWX HOBBS CONOCO
001 HOBBS, NEW MEXICO NOVEMBER 22, 1976
PMS NEW MEXICO OIL CONSERVATION COMMISSION
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501

GENTLEMEN:

RE CASE NO. 5813, CONCERNING PROPOSED GENERAL RULES FOR ASSOCIATED GAS RESERVOIRS. CONTINENTAL OIL COMPANY CONCURS IN GENERAL WITH THE PROPOSED RULES. WE URGE THE COMMISSION TO ADOPT THE ALTERNATE RULE 13 WHICH WOULD PERMIT THE ACCUMULATION OF UNDERPRODUCTIONS BY GAS WELLS. WE POINT OUT THAT GAS WELLS REQUIRE A PIPELINE CONNECTION ON COMPLETION AND A CHANGE OF CONNECTION SOMETIMES UPON RECLASSIFICATION. THIS FACT, PLUS SEASONAL VARIATIONS IN GAS DEMAND SOMETIMES PLACES GAS WELLS AT A DISADVANTAGE IN CAMPARISON TO OIL WELLS WHICH HAVE STEADIER DEMAND AND GREATER FLEXIBILITY OF TRANSPORTATION FOR SALE.

L. P. THOMPSON
DIVISION MANAGER
CONTINENTAL OIL COMPANY
HOBBS, NEW MEXICO

1537 EST

IPMFEKA SANA

Case 5813

Case

In the matter of the hearing called by the Oil Conservation Commission, on its own motion to consider the adoption of General Rules and Regulations ^{of governing all} ~~for the~~ Associated oil and gas Pools of Southeastern and Northwestern New Mexico, and the continuation, amendment, or abolishment of ~~the~~ ^{such} special associated pool rules.

Also ~~to be~~ ^{will} be considered ~~would be~~ the adoption of special rules for certain associated pools, ~~pertaining to well classification, gas~~ including well location and acreage dedication requirements, classification of oil wells and gas wells, gas oil ratio limitations, gas allocation, and well testing.

LL

November 23 Hearing

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

~~IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING~~

OF SOUTHEAST AND NORTHWEST
NEW MEXICO

CASE NO. 5813

Order No. R- 4441-A

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION ON ITS
OWN MOTION TO CONSIDER THE ADOPTION
OF GENERAL RULES AND REGULATIONS GOVERN-
ING ALL ASSOCIATED OIL AND GAS POOLS
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 23,
19 76, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this January day of 1977, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 Case No. 5813 was called and testimony and
exhibits received concerning the associated oil and gas
pools of New Mexico, with the objective being the
adoption of General Rules and Regulations governing
said associated pools.

(3) That the evidence received at said hearing
included testimony concerning the Northwest Todd-San Andres Pool
in Roosevelt County, New Mexico, and its current status.

(4) That by Order No. R-4441, the Commission created the Northwest Todd-San Andres
Pool, classifying it as an associated oil and gas pool, and promulgated Special Pool Rules therefor.

(5) That Order No. R-5353 issued ~~concomitantly~~
with this order in Case No. 5813 contains Finding No. (4), which
states "That the Northwest Todd-San Andres Associated
Pool as previously created and defined no longer fits
the associated pool classification and should be
redefined as an oil pool and the special pool rules therefor
amended to provide ~~only~~ for 80-acre/oil well spacing
units and a gas-oil ratio limitation of 5,000 to 1."

(6) That decretory paragraph (6) of said Order No.
R-5353 orders "That effective February 1, 1977, the
Northwest Todd-San Andres Pool as heretofore
classified, defined, and described is hereby
reclassified as an oil pool with Order
No. R-4441 to be superseded by Order
No. R-4441-A, to be issued concomitantly
with [Order] No. R-5353."

IT IS THEREFORE ORDERED:

(1) That ^{effective February 1, 1977,} ~~temporary~~ Special Rules and Regulations for the Northwest Todd-San Andres Pool, Roosevelt County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTHWEST TODD-SAN ANDRES POOL

RULE 1. Each well completed or recompleted in the Northwest Todd-San Andres Pool or in the San Andres formation within one mile thereof, and not nearer to or within the limits of another designated San Andres oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that ~~nothing~~ contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned a depth bracket allowable of 160 barrels, subject to the market demand percentage factor, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

RULE 7. The limiting gas-oil ratio shall be 5,000 cubic feet of gas for each barrel of oil produced.

RULE 8. No gas shall be flared or vented on or after the effective date of this order; provided however, that any well completed in the subject pool after the effective date of this order shall be given 30 days in which to make beneficial use of the produced casinghead gas.

RULE 9. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 8 without notice and hearing when an application has been filed setting forth the facts and circumstances justifying the exception and he determines such action is necessary to prevent waste or protect correlative rights.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Northwest Todd-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs district office of the Commission in writing of the name and location of the well on or before February 28, 1977.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Northwest Todd-San Andres Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or ~~proration~~ proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Northwest Todd-San Andres Pool or in the San Andres formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

(3) That Commission Order No. R-4441 is hereby superseded.

OK-

Stet-

Let it be.

Disregard
the "X"

DRAFT
RLS/jr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5813

Order No. R- 5353

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO CONSIDER THE
ADOPTION OF GENERAL RULES AND REGULATIONS GOVERNING ALL
ASSOCIATED OIL AND GAS POOLS OF SOUTHFAST AND NORTHWEST NEW MEXICO
AND THE ADOPTION OF SPECIAL RULES FOR CERTAIN ASSOCIATED POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 23,
19 76, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of December, 19 76, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 ~~at the times and by the orders listed below the~~
~~Commission has created six associated oil and gas pools in North-~~
~~west New Mexico and 15 associated oil and gas pools in Southeast~~
~~New Mexico as "associated" oil and gas pools, being pools in which~~
~~a gas cap was found to overlie an oil zone.~~
New Mexico:

(3) That in order to prevent waste and to protect
correlative rights, the Commission has heretofore promul-
gated special rules and regulations for said associated
oil and gas pools, as follows:

-2-

Case No. 5813

Order No. R-

~~REGISTRATION RECORD~~

Northwest New Mexico

POOL	COUNTY	ORDER NO.	DATE ENTERED
Angels Peak-Gallup	San Juan	X R-1410-C	5/25/59
Devils Fork-Gallup	Rio Arriba	X R- 1670-B ^{R-5781}	7/10/60
Escrito-Gallup	Rio Arriba	R-1793-A	12/1/60
Gallegos-Gallup	San Juan	R-3707	5/1/65
Tapacito-Gallup	Rio Arriba	R-3211	4/1/67
Tocito Dome-Penn ^{"D"} _{Sylvanian}	San Juan	R-2758	3/3/64

Southeast New Mexico

POOL	COUNTY	ORDER NO.	DATE ENTERED
Bluitt-San Andres	Roosevelt County	R-1670-I	7/23/69
Southeast Chaves Queen Gas Area	Chaves	R-4435	12/1/72
South Dagger Draw Upper Pennsylv ^{"D"} _{Sylvanian}	Eddy	R-4637	10/1/73
Double L-Queen	Chaves	R-3981-A	1/1/71
X Jennings-Delaware	Lea	R-4359 X	1/1/72
Mesa-Queen	Lea	R-2925	7/13/65
X North Paduca-Delaware	Lea	R-3437 X	1/18/68
Penasco Draw-San Andres-Yeso	Eddy	R-4365	1/1/72
Peterson-Pennsylvanian	Roosevelt	R-4538	1/1/73
Round Tank-Queen	Chaves	R-1670-J	11/1/71
Sawyer-San Andres	Lea	X R-1517	10/30/59
Todd-Lower San Andres	Roosevelt	R-1670-G R-3153	10/29/65 12/1/65
X Northwest Todd-San Andres	Roosevelt	R-4441 X	11/27/72
Twin Lakes-San Andres	Chaves	R-4102	2/10/71
Vest Ranch-Queen	Chaves	R-5180	1/1/76

(4) That ~~the Commission~~ ^{the aforesaid} after presentation of expert testimony, ~~has established~~ ^{among other things, for the} special rules and regulations for the above-named oil and gas ~~associated pools to provide~~ ^{definition of oil wells} and gas wells, ~~the size~~ ^{and gas} of oil spacing units and gas spacing units, standard well locations, gas-oil ratio limitations, well testing, and gas well allowables.

(5) That there is a wide variation in the various special pool rules applicable to the aforesaid associated pools, not only in substantive content and purpose, but also in format and general manner of presentation.

(6) That said variations have caused confusion and have resulted in unnecessary administrative burden to both the operators in said pools and the Commission.

(7) That the adoption of general rules applicable to all associated pools, with provision for certain special rules applicable to particular pools only, would tend to eliminate said confusion and would ease the administrative burden of both ~~the Commission and~~ the operators in said pools *and the Commission.*

within (8) That in order to more nearly equalize the time frame within which oil wells and gas wells in associated pools may produce their current allowable, thereby equallizing withdrawals from their respective portions of the associated reservoir, the general rules for associated pools should provide for a one-month proration period for gas wells, and oil wells should continue to be operated under the provisions of Rule 502 of the Commission General Rules and Regulations.

(9) That in order to provide a reasonable period of time for the production of the current allowable from a gas well in an associated pool, provision should be made in the general associated pool rules for underproduction from such well to be carried forward into subsequent proration periods, provided however, that such underproduction in excess of three times the current monthly allowable should not be carried forward, but should be cancelled.

(10) That in order to provide a reasonable period of time in which overproduction of current allowable by a gas well in an associated pool may be compensated for by underproduction, provision should be made in the general associated pool rules for such overproduction to be carried forward into subsequent proration periods, provided however, that any well which is overproduced by an amount exceeding three times its current monthly allowable should be shut in until such well is overproduced by an amount less than three times its current monthly allowable.

(11) That the volumetric gas allowable formulas applicable to the Bluitt-San Andres Associated Pool and the Todd Lower-San Andres Associated Pool are no longer effective and should not be included in the special pool rules for said pools.

(12) That the inclusion of liquid gravity as a criterion in the classification of oil wells and gas wells in the Angels Peak-Gallup, Devils Fork-Gallup, Bluitt-San Andres, Peterson-Pennsylvanian, and Todd-Lower San Andres Pools appears to serve no useful purpose, and should be discontinued.

(13) That the Jennings-Delaware Associated Pool and the North Paduca-Delaware Associated Pool, as heretofore created and defined, no longer fit the associated pool classification, and that said pools should be redefined as oil pools subject to the Commission General Rules and Regulations, and the Special Rules for said pools should be rescinded.

(14) That the Northwest Todd-San Andres Associated Pool as previously created and defined no longer fits the associated pool classification and should be redefined as an oil pool and the special pool rules therefor amended to provide only for 80-acre oil well spacing units and a gas-oil ratio limitation of 5,000 to 1.

(15) That the existing special associated pool rules for the remaining 18 associated pools which provide for spacing of oil wells and gas wells, oil well and gas well locations, definition of oil wells and gas wells based on gas-liquid ratios, and special gas-oil ratio limitations, any of which are in conflict with the general rules and regulations for associated pools should be retained, but should be incorporated in one overall order applicable to associated oil and gas pools, and the orders presently applicable to said pools superseded.

(16) That the gas well location requirements for the Double L-Queen Associated Pool should be amended to comply with the general rules and regulations for associated pools.

(17) That all associated pool gas well underproduction should be cancelled as of ~~December 31~~ ^{January 31}, 1977.

(18) That the Secretary-Director of the Commission should be authorized to administratively reinstate such cancelled underproduction, up to three times the current monthly allowable, upon a showing by the operator that such underproduction could be made up.

(19) That the rescission, amendment, and supersedure of the Special Pool Rules listed in Finding No. (3) above, and the adoption of General Rules applicable to the associated oil and gas pools in the State of New Mexico in accordance with the above findings will prevent waste and protect correlative rights, is in the public interest, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective ~~January~~ ^{February} 1, 1977, general rules and regulations are hereby adopted for the associated oil and gas pools of Northwest and Southeast New Mexico as follows:

Keep vertical margin on Rules

Case 5813

Proposed Revision of Associated Pool Rules

OIL AND GAS

GENERAL RULES AND REGULATIONS FOR THE ASSOCIATED POOLS OF NORTHWEST NEW MEXICO AND SOUTHEAST NEW MEXICO (PROPOSED)

(See Special Pool Rules for each pool for rules applicable to that particular pool. Special Pool Rules will be found in the same classification order as in the General Section, if the Special Rule is in conflict with the General Rule, the Special Rule shall be applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1: Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

Rule 2(a) See Special Pool Rules for applicable size of oil and gas spacing and proration units. Unless otherwise specified by the Special Pool Rules, 40-acre units shall comprise a governmental quarter-quarter section substantially in the form of a square, being a legal subdivision of the United States Public Land Surveys; 80-acre units shall comprise two contiguous quarter-quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental quarter section; 160-acre units shall comprise a governmental quarter section; and 320-acre units shall comprise two contiguous quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 2(b) Each well drilled or completed on a spacing and proration unit within an associated pool governed by these rules shall be located as provided below:

OIL WELLS AND GAS WELLS - NORTHWEST NEW MEXICO

carried forward into subsequent proration periods, provided however that any well which is overproduced an amount equaling three times its current monthly allowance should be shut in until such well is overproduced less than three times its current monthly allowance

RULE 3: (a) Each gas well shall be located on a standard unit containing 160 acres or 320 acres, more or less, as provided in the special rules for the pool in which it is situated.

(b) Each oil well shall be located on a standard unit containing 40 acres, 80 acres or 160 acres, more or less, as provided in the special rules for the pool in which it is situated.

RULE 4: (a) The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 3(a) or 3(b) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75% nor more than 125% of a standard unit.

The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

(1) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(2) Assigning an allowable to the non-standard unit.

~~(b)~~ (b) The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3(a) or Rule 3(b), when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(2) The non-standard unit lies wholly within a governmental subdivision or subdivisions which would be a standard unit for the well (half quarter section, quarter section, or half section) but contains less acreage than a standard unit.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half quarter section, quarter section or half section (for 80-acre, 160-acre, and 320-acre standard dedications respectively,) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of paragraph (3) of this rule, the applicant may furnish proof of the fact that all of the foresaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

B. WELL CLASSIFICATION AND GAS-OIL RATIO LIMITATION

RULE 5: (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. (b) The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

Separate out
Rule 5(b) →

RULE 6: That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced.

RULE 7: An oil well shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool. In the event there is more than one oil well on an oil proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is a number equal to the number of acres in a standard oil proration unit in such pool. In the event there is more than one gas well on a gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

C. WELL TESTING

RULE 8: The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under

a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut-in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9: (a) Semi-annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Commission. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor of the appropriate district office of the Commission may grant an exception to the above test requirements where it is demonstrated that the well(s) produce(s) no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

(b) The Secretary Director of the Commission shall have authority to grant pool-wide exceptions to Rule 9(a) above without notice and hearing upon a showing that production from wells within such pool has stabilized to the point where such tests would be of ~~no~~ essentially no value for ~~the~~ application of these general rules for associated pools. ~~which~~.

RULE 10: An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

D. ASSIGNMENT OF ALLOWABLE

RULE 11: Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-102, C-104, C-116, and, in the case of a gas well, a transporter's notice of gas connection, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-~~liquid~~ ^{oil} ratio for the pool.

E. GAS PRORATIONING

RULE 12: The associated gas proration period shall be the proration month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 13: (a) Any associated gas well which has an underproduced status at the end of any associated gas proration period, shall carry such underproduction into subsequent periods.

(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward. *but shall be cancelled.* For purposes of this Rule, the monthly allowable shall be the full monthly allowable which would be assigned an associated gas well with the same acreage dedication in the same pool.

(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with paragraphs (a) and (b) above.

RULE 14: Any associated gas well which has an overproduced status at the end of any associated gas proration period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount *exceeding* three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 15: The allowable assigned to a well during any one month of an associated gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 16: The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

F. REPORTING OF PRODUCTION

RULE 17: The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 18: Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

G. GENERAL PROVISIONS

RULE 19: Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 20: All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21: Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

(2) That the above General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico shall be applicable to the following associated pools:

NORTHWEST NEW MEXICO

Angels Peak-Gallup ✓	Gallegos-Gallup ✓
Devils Fork Gallup ✓	Tapacito-Gallup ✓
Escrito-Gallup ✓	Tocito Dome-Pennsylvanian "D" ✓

SOUTHEAST NEW MEXICO

Bluitt-San Andres ✓	Penasco Draw-San Andres Yeso ✓
Southeast Chaves Queen	Peterson-Pennsylvanian ✓
Gas Area ✓	Round Tank-Queen ✓
South Dagger Draw-Upper	Sawyer-San Andres ✓
Pennsylvanian ✓	Todd-Lower San Andres ✓
Double L-Queen	Twin Lakes-San Andres ✓
Mesa Queen ✓	Vest Ranch-Queen ✓

(3) That effective ^{February 1,} ~~January 1,~~ 1977, the following Special Rules and Regulations shall be applicable to the below-named associated pools:

SPECIAL RULES AND REGULATIONS
FOR THE
ANGELS PEAK-GALLUP ASSOCIATED POOL

RULE 2.(a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
DEVILS FORK-GALLUP ASSOCIATED POOL

RULE 2.(a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
ESCRITO-GALLUP ASSOCIATED POOL

RULE 2.(a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
GALLEGOS-GALLUP ASSOCIATED POOL

RULE 2.(a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TAPACITO-GALLUP ASSOCIATED POOL

RULE 2(a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TOCITO DOME-PENNSYLVANIAN "D" ASSOCIATED POOL

RULE 2(a) A standard oil proration unit shall be 160 acres.
A standard gas proration unit shall be 320 acres.

RULE 2(b) Oil wells shall be located within 150 feet of
the center of the quarter-quarter section.

Gas wells shall be located within 150 feet of the
center of the quarter-quarter section.

RULE 5. (a) A well shall be classified as a gas well if
it has a gas-liquid ratio of 20,000 or more cubic feet of gas
per barrel of liquid hydrocarbons. A well shall be classified
as an oil well if it has a gas-liquid ratio of less than 20,000
cubic feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
BLUITT-SAN ANDRES ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of
the center of the quarter-quarter section.

Gas wells shall be located not closer than 990
feet to the quarter section line nor closer than 330 feet to any
quarter-quarter section line.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTHEAST-CHAVES QUEEN GAS AREA ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH DAGGER DRAW-UPPER PENNSYLVANIAN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 320 acres.
A standard gas proration unit shall be 320 acres.

RULE 2. (b) All oil wells and gas wells shall be located not

closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit nor closer than 330 feet to any subdivision inner boundary.

RULE 6. The limiting gas-oil ratio shall be 8,000 cubic feet of gas for each barrel of oil produced.

RULE 22. The special depth bracket allowable for ^{an} oil well on a 320-acre tract shall be 267 barrels of oil per day.

SPECIAL RULES AND REGULATIONS
FOR THE
DOUBLE L-QUEEN ASSOCIATED POOL

RULE 2(a) A standard oil proration unit shall be 40 acres.

A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
MESA-QUEEN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.

A standard gas proration unit shall be 160 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Rule 6. The limiting gas-oil ratio shall be 5,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
PENASCO DRAW SAN ANDRES-YESO POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.

A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located within 150 feet of the center of the quarter-quarter section.

RULE (5). A well shall be classified as a gas well if it has a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 10,000 cubic feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
PETERSON-PENNSYLVANIAN POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.

A standard gas proration unit shall be 320 acres.

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 25,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 25,000 cubic feet of gas per barrel of liquid hydrocarbons.

RULE 6. The limiting gas-oil ratio shall be 4,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
ROUND TANK QUEEN POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 160 acres.

RULE 6. The limiting gas-oil ratio shall be 6,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
SAWYER-SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 160 acres.

RULE 2 (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of more than 25,000 cubic feet of gas per barrel of liquid hydrocarbons. All other wells producing from the Sawyer-San Andres Pool shall be classified as oil wells.

SPECIAL RULES AND REGULATIONS
FOR THE
TODD-LOWER SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 200 feet of the center of the quarter-quarter section.

Gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

SPECIAL RULES AND REGULATIONS
FOR THE
TWIN LAKES-SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 160 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
VEST RANCH-QUEEN POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 320 acres.

(3) That effective ~~January 1~~ ^{February 1}, 1977, the following orders, as amended, which apply to the aforementioned associated pools, are hereby superseded:

R-1410-C	R-1670-I	R-4538
R-1670-B 5181	R-4435	R-1670-J
R-1793-A	R-4637	R-1517 R-1517
R-3707	R-3981-A	R-1670-G
R-3211	R-2935	R-3153
R-2758	R-4365	R-4102
	R-4538	R-5180

(4) That the Jennings-Delaware Pool as heretofore classified, reclassified as an oil pool, and Order No. R-4359 is hereby ~~January 1~~ ^{February} defined, and described is hereby rescinded, effective ~~January 1~~, 1977.

(5) That the North Paduca-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-3437 is hereby rescinded, effective ~~January 1~~ ^{February}, 1977.

(6) That effective ~~January 1~~ ^{February}, 1977, the Northwest Todd-San Andres Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool with Order No. R-4441 to be superseded by Order No. R-4441-A, to be issued concomitantly with the instant order, No. R-5353

(9) Jurisdiction

(8) That the Secretary-Director of the Commission is hereby authorized to reinstate ~~any wells~~ ^{any wells} ~~underproduction~~ ^{underproduction} cancelled effective January 31, 1977, provided that such reinstated ~~underproduction~~ ^{underproduction} shall not exceed three times the ~~current~~ ^{current} monthly allowable, and provided further that application for reinstatement of such underproduction shall contain evidence that the affected well is capable of producing such under-

(7) That effective January 31, 1977, all underproduction associated to gas wells in the associated pools affected by this order is hereby cancelled.

production and that said application is received by the Secretary-Director not later than April 1, 1977.