

*Entered Aug 17, 1959
O.R.*

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. 1641
Order No. R-1410-A

APPLICATION OF W. R. WEAVER FOR
THE PROMULGATION OF SPECIAL
RULES AND REGULATIONS GOVERNING
THE DRILLING, SPACING, AND
PRODUCTION OF WELLS IN THE
ANGELS PEAK-GALLUP OIL POOL,
SAN JUAN COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 7, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico in accordance with Rule 1214 of the Commission Rules and Regulations, and Order No. R-1410 was entered promulgating special rules and regulations governing the drilling, spacing, and production of wells in the Angels Peak-Gallup Oil Pool, San Juan County, New Mexico. This cause came on for hearing de novo at 9 o'clock a.m. on July 15, 1959, before the Oil Conservation Commission of New Mexico, herein-after referred to as the "Commission."

NOW, on this 11th day of August, 1959, the Commission, a quorum being present, having considered the application and the evidence adduced, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That after an examiner hearing, Commission Order No. R-1410 was entered establishing 80-acre proration units for all wells in the Angels Peak-Gallup Oil Pool, San Juan County, New Mexico, with a limiting gas-oil ratio of 4000 to 1.
- (3) That El Paso Natural Gas Company and Pan American Petroleum Corporation requested and were granted a hearing de novo before the Oil Conservation Commission.
- (4) That in the subject hearing de novo the above-named parties proposed that 80-acre proration units be established for

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wells in the Angels Peak-Gallup Oil Pool which, depending on the wells' gas-oil ratios, would be classified as oil wells, and that operators be permitted to assign up to 320 acres to wells which would be classified as gas wells. Further, the above-named parties proposed that the limiting gas-oil ratios for said pool be established at 2000 to 1.

(5) That the original applicant, W. R. Weaver, proposed that the Special Rules and Regulations for the Angels Peak-Gallup Oil Pool, as set forth in Order No. R-1410, remain in effect.

(6) That the Angels Peak-Gallup Pool is, as near as can be ascertained from data available at this stage of development, an oil pool and should be spaced and prorated as such. Further, the wells producing from the Gallup formation with extremely high gas-oil ratios are produced from a gas cap associated with said oil pool and the evidence indicates that a major source of energy for the production of the oil is the gas cap.

(7) That the evidence indicates that one well in the Angels Peak-Gallup Oil Pool can efficiently and economically drain 80 acres.

(8) That under the temporary special rules and regulations for the Angels Peak-Gallup Oil Pool as hereinafter promulgated, withdrawals of gas from the gas cap are not disproportionate to permissible withdrawals from the oil section.

(9) That the areal extent of the Angels Peak-Gallup Oil Pool has not yet been determined, nor, since only a few wells have been completed entirely in the oil section, has the optimum gas-oil ratio for said pool been established; accordingly, the special rules and regulations proposed by El Paso Natural Gas Company and Pan American Petroleum Corporation might result in disproportionate withdrawals from the gas cap and the oil section.

(10) That disproportionate withdrawals would cause waste and would impair correlative rights, and the prevention of waste and protection of correlative rights are statutory considerations in establishing the size of a standard proration unit in a pool.

(11) That gas-gathering facilities are available in the Angels Peak-Gallup Oil Pool and thus the flaring or venting of casinghead gas produced from wells in said pool should be prohibited.

(12) That while the evidence establishes that pool-wide unitization would best prevent waste and protect correlative rights, the Oil Conservation Commission has no statutory authority to force-unitize.

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(13) That in the absence of such unitization, the temporary special rules and regulations hereinafter promulgated will best prevent waste and protect the correlative rights of operators in the Angels Peak-Gallup Oil Pool, at least until such time as further data on the subject pool becomes available.

(14) That the temporary special rules and regulations for the Angels Peak-Gallup Oil Pool hereinafter promulgated vary in certain minor respects from the rules set forth for said pool in Order No. R-1410 and said Order No. R-1410 should be superseded.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. R-1410, dated May 28, 1959, be and the same is hereby superseded, effective September 1, 1959.

(2) That special rules and regulations for the Angels Peak-Gallup Oil Pool, effective September 1, 1959, be and the same are hereby promulgated as follows:

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

RULE 1. Each well completed or recompleted in the Angels Peak-Gallup Oil Pool or in the Gallup formation within one mile of the Angels Peak-Gallup Oil Pool, and not nearer to nor within the limits of another designated Gallup oil pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Angels Peak-Gallup Oil Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2 or W/2 of a governmental quarter section.

RULE 3. Each well completed or recompleted in the Angels Peak-Gallup Oil Pool shall be located no closer than 330 feet to the outer boundary of either quarter-quarter section of the unit nor closer than 660 feet to the nearest well drilling to or capable of producing from the same common source of supply; 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 80-acre unit. Any well which was drilling to or completed in the Angels Peak-Gallup Oil Pool prior to the effective date of this order is granted an exception to the well location requirements of this Rule.

RULE 4. For good cause shown, the Secretary-Director may grant exception to the requirements of Rule 2 without notice and hearing; provided, however, that when the application is for a non-standard unit consisting of other than two contiguous quarter-quarter

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sections or lots or when the application is for the purpose of joining fractional lots not exceeding 20.49 acres each with a standard unit, all operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

RULE 5. The Secretary-Director may grant exception to the well location requirements of Rule 3 without notice and hearing where an application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 660-foot radius of the non-standard location a copy of the application to the Commission, and shall stipulate to the Commission that proper notice has been furnished to all such operators. The Secretary-Director may approve the application if, after a period of 20 days, no such offset operator has entered an objection to the proposed unorthodox location.

RULE 6. An 80-acre proration unit in the Angels Peak-Gallup Oil Pool shall be assigned an 80-acre proportional factor of 2.77 for allowable purposes, 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 said wells in any proportion.

RULE 7. The gas-oil ratio limitation for the Angels Peak-Gallup Oil Pool shall be 4000 cubic feet of gas per barrel of oil produced.

RULE 8. Gas-oil ratio tests shall be taken on all wells in the Angels Peak-Gallup Oil Pool and on all wells producing from the Gallup formation within one mile of the boundaries of the Angels Peak-Gallup Oil Pool during the last fifteen days of the months of January, April, July, and October of each year. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the wells shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 within ten days after the close of each test period. At least 72 hours prior to commencement of any such gas-oil ratio tests, each operator shall file with the Aztec 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 Secretary-Director may extend the 15-day testing period if future development indicates that 15 days does not allow sufficient time for operators to adequately test all of their wells.

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RULE 9. Any well completed in the Angels Peak-Gallup Oil Pool after the effective date of this order shall receive an oil allowable only upon receipt by the Commission's Aztec office of Commission Forms C-104, C-110, C-116, all properly executed. Gas-oil ratio tests shall be commenced on such newly completed wells as soon as is practicable upon recovery of load oil and this test shall suffice as the first quarterly test. The District Supervisor of the Commission's Aztec office is hereby authorized to assign a temporary casinghead 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 Angels Peak-Gallup Oil Pool by 4000 cubic feet.

RULE 10. No gas produced from the Angels Peak-Gallup Oil Pool shall be flared or vented after the effective date of this order, unless specifically authorized by the Commission after notice and hearing. Provided, however, that any well which is newly completed in said Angels Peak-Gallup Oil Pool shall have 60 days from the date of assignment of the oil allowable in which to make beneficial use of the produced casinghead gas. Each operator shall notify the Aztec office of the Commission as to the date and type of such beneficial use, and the assignment of an oil allowable beyond the 60-day grace period shall be dependent on receipt of such notice.

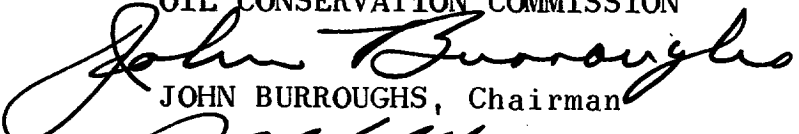
IT IS FURTHER ORDERED: That this case be reopened at the regular monthly hearing of the Commission in July, 1960, for further consideration of the Special Rules and Regulations for the Angels Peak-Gallup Oil Pool hereinabove set forth, and for consideration of any other rules and regulations which may be necessary for the efficient operation of said pool.

IT IS FURTHER ORDERED: That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may appear necessary or convenient for the prevention of waste and/or protection of correlative rights in the light of subsequent information and development.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

S E A L


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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

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