

A.P.P.

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. 2089  
Order No. R-1793

APPLICATION OF VAL R. REESE  
& ASSOCIATES, INC., FOR PRO-  
MULGATION OF SPECIAL RULES  
AND REGULATIONS GOVERNING  
THE ESCRITO-GALLUP OIL POOL,  
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 21, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 11th day of October, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Val R. Reese & Associates, Inc., is the owner of one high ratio well completed in the NW/4 of Section 25, Township 24 North, Range 7 West, NMPM, and that Standard Oil Company of Texas is the owner of two high ratio wells completed in the N/2 of Section 26, Township 24 North, Range 7 West, NMPM, all in Rio Arriba County, New Mexico.

(3) That according to the applicant's interpretation of the reservoir and its structure, the aforesaid wells are gas wells producing from the same common source of supply as the oil wells in the Escrito-Gallup Oil Pool.

(4) That the applicant proposes certain pool rules for the Escrito-Gallup Oil Pool be established, whereby a well in said pool would be classified as an oil well unless it produces with a gas-oil ratio of 30,000 or more cubic feet of gas per barrel

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of liquid hydrocarbons, in which event it would be classified as a gas well, that 80-acre proration units be established for oil wells in said pool, that 320-acre proration units be established for gas wells in said pool, and that the limiting gas-oil ratio for oil wells be 2000 to 1.

(5) That the applicant failed to prove that the Escrito-Gallup Pool is an associated reservoir producing oil from an oil-saturated sand overlain by a gas cap contained in a common and contiguous gas-saturated sand.

(6) That in view of the above, the record is devoid of evidence as to the necessity for special rules and regulations governing the Escrito-Gallup Oil Pool, and that therefore the Escrito-Gallup Oil Pool should continue to be governed by the Statewide rules relative to the drilling, spacing and production of oil wells.

(7) That past Gallup formation development has shown that in many instances a well may produce from more than one "bench" or "pay" in the Gallup formation. Further, that the upper pay of such a well may be the main sand body of one designated Gallup pool while another lower pay may be the main sand body of another nearby designated Gallup pool.

(8) That under normal circumstances any such well which penetrates the main sand body of two such Gallup pools should technically be produced only as a dual completion. However, economic factors in some areas of Gallup production would render such completions impracticable and would probably result in one or more zones not being perforated. In such instances the well should probably be permitted to be perforated in both pays and produced through common facilities, being classified as a well in the pool from which dollarwise the majority of the production is being obtained, provided that this can be accomplished without causing waste.

(9) That it appears probable that the high gas-oil ratio wells described in Finding No. 2 are so completed in two Gallup pools, with small amounts of oil being produced from the main pay of the Escrito-Gallup Oil Pool, while relatively larger amounts of gas are being produced from the main pay of the Devils Fork-Gallup Pool.

(10) That accordingly, the Escrito-Gallup Oil Pool should be contracted to delete the NW/4 of Section 25, the N/2 of Section 26, and the NE/4, N/2 SE/4, and SE/4 SE/4 of Section 27, all in Township 24 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

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(11) That since such contraction renders the wells mentioned in Finding No. 2 undesignated Gallup wells which are within one mile of the Devils Fork-Gallup Gas Pool and are not nearer to nor within any other designated Gallup pool, they are governed by the special rules and regulations for the Devils Fork-Gallup Gas Pool as set forth in Order No. R-1670-B.

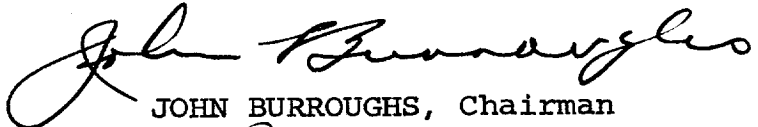
IT IS THEREFORE ORDERED:

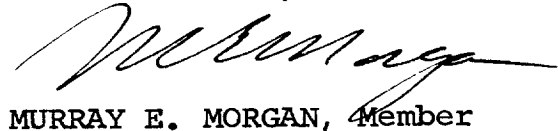
(1) That the application of Val R. Reese & Associates, Inc. for the promulgation of special rules and regulations governing the Escrito-Gallup Oil Pool in Rio Arriba County, New Mexico, be and the same is hereby denied.


(2) That the horizontal limits of the Escrito-Gallup Oil Pool are hereby contracted by the deletion of the NW/4 of Section 25, the N/2 of Section 26, and the NE/4, N/2 SE/4, and SE/4 SE/4 of Section 27, all in Township 24 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

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

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