

*Entered July 18, 1966
R.P.P.*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 3424
Order No. R-3092

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION ON ITS
OWN MOTION TO CONSIDER THE AMENDMENT
OF RULE 701 E 4 OF THE COMMISSION RULES
AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 13, 1966, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 18th day of July, 1966, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 Rule 701 E 4 of the Commission Rules and Regulations establishes the basic 40-acre Area Allowable Factor for the counties of Lea, Eddy, Chaves, and Roosevelt as 42 barrels of oil per day and for the counties of San Juan, Rio Arriba, Sandoval, and McKinley as 70 barrels of oil per day.

(3) That said Area Allowable Factors were based upon past allowable histories, and they are constant and not subject to change as market conditions and demand for crude oil fluctuate.

(4) That the aforesaid Area Allowable Factors, being constant, do not allow operators of waterflood projects to fully share in the improved market when the demand for crude oil in New Mexico results in normal unit allowables in excess of 42 barrels of oil per day

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in Southeast New Mexico or 70 barrels of oil per day in Northwest New Mexico.

(5) That Rule 701 E 4 of the Commission Rules and Regulations should be amended to permit the establishment each month, by order of the Commission, of an Area Allowable Factor for Southeast New Mexico and Northwest New Mexico equal to the normal unit allowable for each of said areas when said normal unit allowable equals or exceeds 42 or 70 for said areas, respectively.

(6) That in order to continue to provide a relatively constant allowable for waterflood projects to permit the substantially constant project injection rates which are beneficial from the standpoint of economics and operational efficiency and convenience, the present Area Allowable Factors of 42 and 70 for Southeast New Mexico and Northwest New Mexico, respectively, should be retained as minimum Area Allowable Factors to be assigned by order of the Commission whenever normal unit allowables fall below 42 or 70 for Southeast New Mexico and Northwest New Mexico, respectively.

(7) That the amendment of Rule 701 E 4 in the above-described manner will protect correlative rights and prevent waste.

IT IS THEREFORE ORDERED:

(1) That Rule 701 E 4 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

4. Each month the Commission shall, in its State-wide Oil Proration Order, establish basic 40-acre Area Allowable Factors for waterfloods in Southeast New Mexico and Northwest New Mexico. Such waterflood allowable factors shall be equal to the basic 40-acre normal unit allowable established in said order for wells on primary production in each of said areas, provided however, in no event shall said waterflood allowable factors be less than 42 for Southeast New Mexico or 70 for Northwest New Mexico.

(2) That the Area Allowable Factors for waterfloods for the month of August, 1966, shall be 45 for Southeast New Mexico and 70 for Northwest New Mexico.

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(3) 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



JACK M. CAMPBELL, Chairman



GUYTON B. HAYS, Member



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

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