

Entered August 9, 1971
C.S.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION UPON ITS
OWN MOTION TO CONSIDER THE AMENDMENT OF
RULE 506 OF THE COMMISSION RULES AND
REGULATIONS BY DELETING THEREFROM THE
PROVISION THAT ALL GAS PRODUCED WITH THE
CURRENT OIL ALLOWABLE DETERMINED IN
ACCORDANCE WITH RULE 506 SHALL BE DEEMED
TO HAVE BEEN LAWFULLY PRODUCED.

CASE NO. 4552 (De Novo)
Order No. R-4159-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on July 21, 1971, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of August, 1971, 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 subparagraph (2) of Rule 506 of the New Mexico Conservation Commission Rules and Regulations provides that any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool.
- (3) That subparagraph (4) of Rule 506 of the New Mexico Oil Conservation Commission Rules and Regulations provides that all gas produced with the current oil allowable determined in accordance with Rule 506 shall be deemed to have been lawfully produced.

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(4) That Case 4552 was called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 506 of the Commission Rules and Regulations by deleting therefrom the provision that all gas produced with the current oil allowable determined in accordance with Rule 506 shall be deemed to have been lawfully produced.

(5) That after an examiner hearing, Commission Order No. R-4159, dated June 25, 1971, was entered in Case 4552 amending Rule 506 of the New Mexico Oil Conservation Commission Rules and Regulations by deleting therefrom Subparagraph (4) which reads as follows:

"(4) All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced."

(6) That Wolfson Oil Company, MKA Oil Properties, John H. Hendrix, and Bruce A. Wilbanks requested and were granted a hearing de novo of Case 4552 before the Oil Conservation Commission.

(7) That as a result of the provision of the above-described subparagraph (4) many wells producing from reservoirs which contain both oil and gas are producing volumes of gas greatly in excess of the volumes of gas authorized by the above-described subparagraph (2).

(8) That the production of gas, from a unit containing a well or wells producing from a reservoir which contains both oil and gas, in excess of that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool reduces or tends to reduce the total quantity of crude petroleum oil or natural gas ultimately recovered from the pool.

(9) That the production of gas by some wells, from a unit containing a well or wells producing from a reservoir which contains both oil and gas, in excess of that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool, denies to the other owners of property in the pool the opportunity to use their just and equitable share of the reservoir energy.

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(10) That the production of gas, from a unit containing a well or wells producing from a reservoir which contains both oil and gas, in excess of that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool causes waste and a violation of correlative rights.

(11) That in order to prevent waste and protect correlative rights Rule 506 of the Commission Rules and Regulations should be amended by deleting therefrom subparagraph (4) which reads as follows:

"(4) All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced."

(12) That the Commission should give consideration to the revision of the gas-oil ratio limitation for certain pools upon the petition of interested persons.

(13) That the Commission upon its own motion should give consideration to the consolidation of the Eunice and Monument areas of the Eunice Monument Pool (Grayburg-San Andres) and the ascertainment of a common efficient gas-oil ratio limitation for the consolidated area.

IT IS THEREFORE ORDERED:

(1) That effective November 1, 1971, Rule 506 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended by deleting therefrom subparagraph (4) which reads as follows:

"(4) All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced."

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

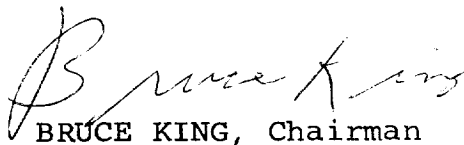
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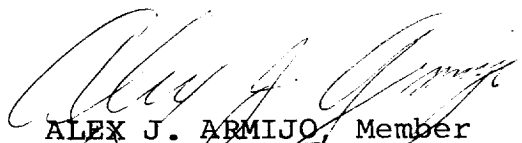
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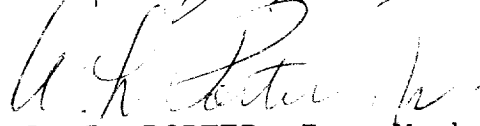
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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

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