

Entered February 26, 1980
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6608
Order No. R-6088-B

IN THE MATTER OF CASE 6608 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-6088, WHICH ORDER
ESTABLISHED SPECIAL RULES AND
REGULATIONS FOR THE GRAMA RIDGE-
WOLFCAMP POOL, LEA COUNTY, NEW MEXICO,
INCLUDING A PROVISION FOR 160-ACRE
PRORATION UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 16, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of February, 1980, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-6088, dated August 28, 1979, the Division created, defined, and classified the Grama Ridge-Wolfcamp Oil Pool, Lea County, New Mexico, and temporary special rules and regulations were promulgated therefor, including a provision for 160-acre spacing units.

(3) That pursuant to the provisions of Order No. R-6088, this case was reopened to allow the operators in the subject pool to appear and show whether the Grama Ridge-Wolfcamp Pool is in fact an oil reservoir or a gas reservoir, and if it is an oil reservoir, to show cause why said pool should not be developed on less than 160-acre spacing units.

(4) That the evidence establishes that the Grama Ridge-Wolfcamp Pool reservoir is not an oil reservoir, nor is it a gas reservoir in the usual sense, but that it is in fact a retrograde condensate gas reservoir.

(5) That the Grama Ridge-Wolfcamp Pool should be reclassified in accordance with Finding No. (4) above, and it should be redesignated as the Grama Ridge-Wolfcamp Gas Pool.

(6) That the Special Rules and Regulations promulgated by Order No. R-6088 should be rescinded, and new Special Rules and Regulations pertinent to a retrograde gas condensate reservoir promulgated.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Grama Ridge-Wolfcamp Gas Pool should be subject to the well location and acreage dedication requirements of Rule 104 C II of the Division Rules and Regulations.

(8) That insufficient evidence was available at the January 16, 1980, hearing of this case to determine the proper rate of withdrawals on a permanent basis for the Grama Ridge-Wolfcamp Gas Pool, and therefore another hearing should be called in May, 1980, at which time all interested parties should appear and present evidence as to the maximum efficient rate of withdrawals which should be permitted in this retrograde condensate gas reservoir.

(9) That pending an order issuing from the aforesaid May hearing on this matter, withdrawals from wells completed in the subject reservoir should be limited to some reasonable amount to avert waste and prevent reservoir damage.

(10) That pending such order, a reasonable maximum rate of withdrawal from each well in the Grama Ridge-Wolfcamp Gas Pool is 1500 MCF of gas per day at the surface.

(11) That an order based on the above findings is in the interest of conservation, will prevent waste, will not impair but will protect correlative rights, and should be approved.

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IT IS THEREFORE ORDERED:

(1) That the Grama Ridge-Wolfcamp Pool as heretofore classified and defined is hereby reclassified as a retrograde gas condensate reservoir and redesignated as the Grama Ridge-Wolfcamp Gas Pool, with vertical limits comprising the Wolfcamp formation and horizontal limits comprising the following described area:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 36: SW/4

(2) That Order No. R-6088 which promulgated Special Rules and Regulations for said Grama Ridge-Wolfcamp Pool is hereby rescinded and new Special Rules and Regulations for the Grama Ridge-Wolfcamp Gas Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR
THE GRAMA RIDGE-WOLFCAMP GAS POOL

RULE 1. Each well completed or recompleted in the Grama Ridge-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile of the Grama Ridge-Wolfcamp Gas Pool, and not nearer to nor within the limits of another designated Wolfcamp 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 Grama Ridge-Wolfcamp Gas Pool shall be located on a standard unit containing 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Land Surveys. Exceptions to this rule are subject to the provisions of Rule 104 D II of the Division Rules and Regulations.

RULE 3. Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract. Exceptions to this rule are subject to the provisions of Rule 104 F of the Division Rules and Regulations.

RULE 4. A gas well on a standard unit in the Grama Ridge-Wolfcamp Gas Pool shall be permitted to produce no more than 1,500 MCF of gas per day at standard surface conditions during the effective period of these pool rules. This shall be known as the daily allowable.

RULE 5. 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. 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 6.

RULE 6. Gas-liquid ratio tests shall be taken on all wells during the months of April and October of each year. 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 Division 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 Division 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.

Special tests shall also be taken at the request of the Division 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 Division and offset operators.

RULE 7. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Division on Form C-125.

RULE 8. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Division district office of Division Forms C-104 and C-116, properly executed. The District Supervisor of the Division'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 amounts set forth in Rule 4 of these rules.

RULE 9. The Grama Ridge-Wolfcamp Gas Pool 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 10. (a) Any gas well which has an underproduced status at the end of any 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 the purpose of these rules, the monthly allowable shall be the daily allowable times the number of days in the month.

(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 11. Any gas well which has an overproduced status at the end of any 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 12. The allowable assigned to a well during any one month 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 13. The Division 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.

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Division on Form C-115 so as to reach the Division 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 15. Each purchaser or taker of gas shall submit a report to the Division so as to reach the Division 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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RULE 16. 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 Division Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 17. All transporters or users of gas shall file gas well connection notices with the Division as soon as possible after the date of connection.

IT IS FURTHER ORDERED:

(1) That the cumulative casinghead gas over/under production status for each well in the Grama Ridge-Wolfcamp Pool immediately prior to the effective date of this order shall be the beginning status for wells in the Grama Ridge-Wolfcamp Gas Pool at 7:00 o'clock a.m. on the effective date of this order.

(2) That the effective date of this order shall be March 1, 1980.

(3) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, existing wells in the Grama Ridge-Wolfcamp Gas Pool shall have dedicated thereto 320 acres, in accordance with the foregoing pool rules or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable.

(4) That this cause shall be reopened at an examiner hearing during May, 1980, to permit the operators in said pools to appear and present evidence to establish the proper rates of production for wells in the subject pool.

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

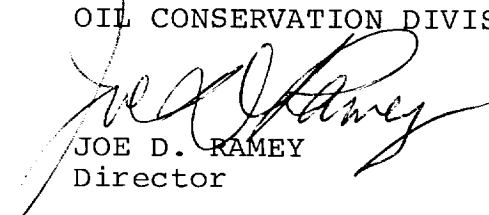
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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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