

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. 727
Order No. R-610

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION ON
ITS OWN MOTION FOR AN ORDER
AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF
THE OIL CONSERVATION COMMISSION,
AND/OR PROMULGATING RULES AND
REGULATIONS RELATING TO GAS POOL
DELINEATION, GAS PRORATION AND
OTHER RELATED MATTERS AFFECTING
OR CONCERNING THE BLINEBRY GAS
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 16, 1954, and was successively continued to October 20, 1954, at which time it came on for final hearing at Hobbs, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 11th day of April, 1955, the Commission, a quorum being present, having considered the record and the testimony entered at said hearing, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under date of February 17, 1953, the Commission did issue its Order No. R-264 creating the Blinebry Gas Pool. That Order R-264, as amended by Order R-264-A, as further amended by Order R-464, did define the vertical and horizontal limits of the Blinebry Gas Pool and that by subsequent orders, the Commission extended the horizontal limits of the Blinebry Gas Pool.

(3) That under date of September 28, 1953, the Commission issued Order R-372 and under date of November 10, 1953, the Commission issued Order 372-A, which orders provided rules, definitions and procedures to be followed in prorating gas in the Blinebry Gas Pool; and by subsequent orders issued after due notice and hearing, the Commission did allocate the production of gas in said pool commencing January 1, 1954.

(4) That the producing capacity of gas wells in the Blinebry Gas Pool is in excess of the market demand for gas produced from said pool.

Entered April 12, 1955

W B Macey
997

(5) That, in order to prevent waste, it is necessary to allocate and prorate the production of gas among the gas wells in the Blinebry Gas Pool in accordance with the provisions of this order.

(6) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h), Chapter 168, New Mexico Session Laws of 1949, require that the production of gas be prorated in accordance with the terms and provisions of this order.

(7) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of allowable production among the gas wells in the Blinebry Gas Pool on a reasonable basis and give appropriate recognition to correlative rights.

(8) That the production of oil from the Blinebry Oil Pool is a salvage operation and should be administered as such.

(9) That the horizontal limits of the Blinebry Gas Pool, the Blinebry Oil Pool and the Terry-Blinebry Oil Pool should be redefined as set forth in Exhibits "A", "B" and "C", attached hereto and made a part hereof.

(10) That the vertical limits of the Blinebry Gas Pool should be defined as set out in Commission Order R-464 and as hereinafter repeated.

(11) That one gas well in the Blinebry Gas Pool will effectively and efficiently drain an area of 160 acres. Due to the complex nature of the Blinebry Gas and associated reservoirs, gas proration units in excess of 160 acres should not be permitted pending further reservoir information.

(12) That, in order to prevent waste, a "no-flare" rule should be adopted to prohibit the flaring, venting or otherwise wasting of casinghead gas or any other type of gas produced in the Blinebry Gas Pool, the Blinebry Oil Pool or the Terry-Blinebry Oil Pool.

(13) That semi-annual bottom-hole pressure surveys should be conducted in portions of the Blinebry Gas Pool and in the entire Terry-Blinebry Oil Pool to ascertain the pressure differential which exists between that portion of the common source of supply known to contain dry gas and the rim of the reservoir which is known to contain a commercial accumulation of oil.

(14) That, in order to classify wells in the Blinebry Gas Pool and the Blinebry Oil Pool, semi-annual gas-liquid ratio tests and semi-annual determinations of the gravity of that liquid hydrocarbon produced from wells in said pools should be conducted in the Blinebry Oil Pool and the Blinebry Gas Pool.

(15) That, in the interests of conservation, the special rules hereinafter set forth governing the production of gas from the Blinebry Gas Pool and the production of oil from the Blinebry Oil Pool and the Terry-Blinebry Oil Pool should be adopted.

-3-

Order No. R-610

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Blinebry Gas Pool, the Blinebry Oil Pool and the Terry-Blinebry Oil Pool shall be the areas described in Exhibits "A", "B" and "C", attached hereto and made a part hereof.

(2) That the vertical limits of the Blinebry Gas Pool and the Blinebry Oil Pool shall extend from a point 75 feet above the "Blinebry Marker" to a point 300 feet below the "Blinebry Marker".

(3) That special pool rules applicable to the Blinebry Gas Pool should be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE
BLINEBRY GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more outside the boundary of the Blinebry Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Blinebry Gas Pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Blinebry Gas Pool.

RULE 2: Each well drilled or recompleted within the Blinebry Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract not closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Blinebry Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3: The Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the re-completion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320-foot radius of the subject well a copy of the application to the Commission. Applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operator. In the event an operator objects to the unorthodox location, the Commission shall consider the matter only after proper notice and hearing.

RULE 4: The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Blinebry Gas Pool located in Lea County, New Mexico.

Gas Proration:

RULE 5: (A) That acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Blinebry Gas Pool, a standard proration unit shall consist of between 158 and 162 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Survey; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (B) of this Rule.

(B) The Director of the Commission shall have authority to establish a non-standard gas proration unit by administrative action (without notice and hearing) where application has been filed in due form and where the following facts exist and the following provisions are complied with, without exception:

1. The non-standard proration unit will consist of contiguous quarter-quarter sections and/or lots, with a common side between any two adjacent quarter-quarter sections and/or lots.

2. The non-standard proration unit will lie wholly within a single governmental quarter section.

3. The entire non-standard proration unit may be reasonably assumed to be productive of gas from the Blinebry Gas Pool.

4. The length or width of the non-standard gas proration unit will not exceed 2640 feet.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the quarter section in which the non-standard gas proration unit is to be situated, which interest is not included in the proposed non-standard gas proration unit.

(b) All operators owning interests within 1500 feet of the well to which such non-standard gas proration unit is to be dedicated.

6. In lieu of the provisions of subparagraph 5 under Paragraph (B) of this rule, applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Director of the Commission may approve such application for administrative approval of a non-standard gas proration unit if, after a period of 30 days following the mailing of said notice, no operator has entered an objection to the formation of such non-standard gas proration unit.

(C) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio the area of such non-standard proration unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

RULE 6: Acreage dedicated to a gas well in the Blinebry Gas Pool shall not be simultaneously dedicated to an oil well in the Blinebry Oil Pool.

RULE 7: In the event an oil well in the Blinebry Oil Pool is reclassified as a gas well in the Blinebry Gas Pool, the operator of such well will be afforded the opportunity to form a non-standard proration unit for the well; provided, however, that until such unit is formed, such well shall be allocated a gas allowable commensurate with the acreage contained in the unit formerly dedicated to the oil well in the Blinebry Oil Pool.

RULE 8: In the event such reclassification should cause the occurrence of two gas wells producing from the Blinebry Gas Pool within a single proration unit, the sum total of the allowables allocated to the two wells shall be equivalent to that volume of gas allocated to a single proration unit; provided, however, that the operator of such wells shall have the option to determine the proportion of the assigned allowable to be produced by each individual well.

RULE 9: The dual completion of a well so as to produce gas from the Blinebry Gas Pool and oil from the Blinebry Oil Pool is hereby prohibited.

RULE 10: (a) The Commission after notice and hearing shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production of gas from the Blinebry Gas Pool.

(b) The allowable assigned any well capable of producing its normal gas allowable shall be the same proportion of the total remaining allowable allocated to said pool, after deducting allowables of marginal wells, that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Blinebry Gas Pool.

RULE 11: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Blinebry Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 12: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental" nomination showing the amount of gas the purchaser in good faith actually desires to purchase during the ensuing proration month from the Blinebry Gas Pool. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine

-6-

Order No. R-610

the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be:

(a) A summary of the total pool allocation for that month showing nominations and adjustments made for underage or overage applied from a previous month.

(b) A tabulation of the net allowable and production for the second preceding month, together with a cumulative overage or underage computation.

(c) A tabulation of the current and net allowables for the preceding month.

(d) A tabulation of current monthly allowables for the ensuing proration month.

(e) A tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purposes of allocation, a proration unit of 160 acres shall be assigned an acreage factor of 1.00; a proration unit of 80 acres a factor of 0.50, etc.

The Commission shall include in the proration schedule the gas wells in the Blinbry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Blinbry Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

Balancing of Production:

RULE 13: Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or re-completed in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 14: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction, and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut-in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Granting of Allowables

RULE 15: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 16: Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

Reporting of Production

RULE 17: The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the

Commission on Form C-115 so as to reach the Commission 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 gas produced.

Each purchaser or taker of gas in the Blinebry Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable. The production of intermediate or low-pressure gas derived from the staging of the well fluids need not be charged against the well's gas allowable, provided that said intermediate or low-pressure gas is utilized in accordance with the provisions of Order R-464.

RULE 18: A gas well in the Blinebry Gas Pool shall mean a well producing from within the vertical and horizontal limits of the Blinebry Gas Pool which:

(a) Produces liquid hydrocarbons possessing a gravity greater than 51° API, or,

(b) Produces liquid hydrocarbons possessing a gravity of less than 51° API, but with a producing gas-liquid ratio in excess of 32,000 cubic feet of gas per barrel of liquid hydrocarbon.

RULE 19: A well producing from within the horizontal and vertical limits of the Blinebry Gas Pool and not classified as a gas well as defined in Rule 18, shall be classified as an oil well in the Blinebry Oil Pool.

RULE 20: Any well drilled and completed in good faith prior to the effective date of this order, which well is situated within the horizontal boundaries of the Blinebry Gas Pool as herein defined but which produces gas from a depth interval exceeding the vertical limits of the Blinebry Gas Pool as herein defined, is hereby validated and shall be classified as a gas well in the Blinebry Gas Pool, provided that said well conforms to the

-9-

Order No. R-610

definition of a gas well in said pool as set out in Rule 18 of this section of this order, and provided that the well is classified as a gas well in the Blinebry Gas Pool under the rules, regulations and orders in effect on the day immediately preceding the effective date of this order.

RULE 21: The term "gas purchaser", as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where a connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of the "taker" to submit a nomination as provided in Rules 11 and 12.

RULE 22: The Proration Manager may reclassify a well under Rules 18 or 19 if production data, gas-oil ratio tests or other evidence reflects the need for such reclassification.

For proration purposes, the effective date of such reclassification shall be the first day of the next succeeding six months gas proration period.

The Proration Manager will notify the operator of the reclassified well of such reclassification and the effective date thereof; provided, however, that operator may appeal such reclassification to the Director of the Commission in writing.

RULE 23: No gas, either dry gas or casinghead gas, shall be flared, vented or otherwise wasted in the Blinebry Gas Pool at any time after ninety (90) days dating from May 1, 1955, or ninety (90) days from the date of completion of a well in said pool, whichever is the later.

Any operator desiring to obtain an exception to the foregoing provision of this rule shall submit to the Director of the Commission an application for such exception accompanied by a sworn statement setting forth the facts and circumstances which justify such exception. The Director is hereby authorized to grant such exception when the granting of such is necessary to protect correlative rights, prevent waste, or to prevent undue hardship on the applicant. The Director shall (a) grant the exception within 15 days following receipt of the application and statement, or (b) set the application for hearing before the Commission at a regularly scheduled monthly hearing; provided, however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Public notice of the hearing of the application shall be published in the manner provided by law.

Should the Director grant an exception to the provision of Rule 23, notification of such exception shall be distributed to the Commission's regular mailing list.

RULE 24: Bottom-hole pressure tests will be conducted semi-annually during the months of May and October on all gas wells located to the north of an east-west line coinciding with the north lines of Sections 21, 22, 23 and 24, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico; such wells to be producing from within the vertical and horizontal boundaries of the Blinebry Gas Pool and classified as gas wells under the rules contained in this order. Results of such tests will be reported to the Commission on Form C-124 on or before the 25th day of June and the 25th day of November of each calendar year.

Order No. R-610

All bottom-hole pressure tests, except tests on dually completed wells producing from the Blinebry Gas Pool, will be conducted in accordance with Rule 302 of the Rules of the Commission. Shut-in period will be 48 hours, datum elevation will be 2400 feet subsea, (-2400), and base temperature will be 100 degrees Fahrenheit.

Bottom-hole pressures on dually completed wells producing gas from the Blinebry Gas Pool may be calculated from a 72-hour shut-in pressure at the wellhead, provided that an accurate determination of the fluid level in the hole is made employing sonic or other methods of equivalent accuracy. The gravity of the fluid in the hole shall be that gravity determined by averaging the gravities of those fluids produced on official test in the Blinebry Gas Pool during the regular semi-annual gas-liquid ratio and gravity testing period next preceding the subject bottom-hole pressure test period. The gravity to be employed in the calculation of bottom-hole pressures during a particular testing period shall be determined by the Commission. All interested operators shall be duly notified of such determination by the Commission.

RULE 25: Gas-liquid ratio tests and determinations of the gravity of that liquid hydrocarbon recovered from wells in the Blinebry Gas Pool shall be conducted semi-annually during the months of May and October on all wells located in and producing from the Blinebry Gas Pool. Results of such tests will be reported to the Commission on Form C-116 on or before the 15th day of June and the 15th day of November of each calendar year.

RULE 26: At no time will the horizontal boundaries of the Blinebry Gas Pool conflict with or overlap the horizontal boundaries of the Terry-Blinebry Oil Pool.

RULE 27: The horizontal limits of the Blinebry Gas Pool shall be those limits set forth in Exhibit "A" attached hereto and made a part hereof.

PROVIDED FURTHER, That special pool rules applicable to the Blinebry Oil Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES FOR THE BLINEBRY OIL POOL

RULE 1: No gas, either dry gas or casinghead gas, shall be flared, vented or otherwise wasted in the Blinebry Oil Pool at any time after ninety (90) days dating from May 1, 1955, or ninety (90) days from the date of completion of a well in said pool, whichever is the later.

Any operator desiring to obtain an exception to the foregoing provision of this rule shall submit to the Director of the Commission an application for such exception accompanied by a sworn statement setting forth the facts and circumstances which justify such exception. The Director is hereby authorized to grant such exception when the granting of such is necessary to protect correlative rights, prevent waste, or prevent undue hardship on the applicant.

The Director shall (a) grant the exception within 15 days following receipt of the application and statement, or (b) set the application for hearing before the Commission at a regularly scheduled monthly hearing; provided,

however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Public notice of the hearing of the application shall be published in the manner provided by law.

Should the Director grant an exception to the provisions of Rule 1, notification of such exception shall be distributed to the Commission's regular mailing list.

RULE 2: An oil well in the Blinebry Oil Pool shall mean a well producing from within the vertical and horizontal limits of the Blinebry Oil Pool which:

(a) Produces liquid hydrocarbons possessing a gravity of less than 51° API, or,

(b) Produces liquid hydrocarbons possessing a gravity of greater than 51° API, but with a producing gas-liquid ratio not exceeding 32,000 cubic feet of gas per barrel of liquid hydrocarbon.

RULE 3: A well producing from within the vertical and horizontal limits of the Blinebry Oil Pool, and not classified as an oil well under Rule 2, shall be classified as a gas well in the Blinebry Gas Pool.

RULE 4: The Proration Manager may reclassify a well under Rules 2 and 3 when production data, gas-oil ratio tests or other evidence reflects the need for such reclassification.

For proration purposes, the effective date of such reclassification shall be the first day of the next succeeding six-months gas proration period.

The Proration Manager shall notify the operator of the reclassified well of such reclassification and the effective date thereof; provided, however, that the operator of a reclassified well may appeal such reclassification to the Secretary-Director of the Commission in writing.

RULE 5: The limiting gas-oil ratio for oil wells in the Blinebry Oil Pool shall be 6,000 cubic feet of gas per barrel of oil. The provision of this rule shall become effective on May 1, 1955.

RULE 6: Acreage dedicated to an oil well producing from the Blinebry Oil Pool shall not be simultaneously dedicated to a gas well producing from the Blinebry Gas Pool.

RULE 7: The dual completion of a well to produce oil from the Blinebry Oil Pool and gas from the Blinebry Gas Pool is hereby prohibited.

RULE 8: The dual completion of a well to cause said well to be classified as an oil well in the Blinebry Oil Pool and an oil well in any other oil or gas pool as designated by the Commission is hereby prohibited.

RULE 9: Gas-liquid ratio tests and determinations of the gravity of that liquid hydrocarbon recovered from wells in the Blinebry Oil Pool shall be conducted semi-annually during the months of May and October on all wells located in and producing from the Blinebry Oil Pool. Results of such tests shall be submitted to the Commission on Form C-116, on or before the 15th day of June and the 15th day of November of each calendar year.

RULE 10: In the event an oil well in the Blinebry Oil Pool shall be reclassified as a gas well in the Blinebry Gas Pool, operator of such a well shall be afforded the opportunity to form a standard or non-standard gas proration unit for such well under the rules applicable to the Blinebry Gas Pool; provided, however, that until such unit is formed, such well shall be allocated a gas allowable commensurate with the acreage contained in the proration unit formerly dedicated to the oil well in the Blinebry Oil Pool.

RULE 11: The horizontal limits of the Blinebry Oil Pool shall be those limits set forth in Exhibit "B" attached hereto and made a part hereof.

PROVIDED FURTHER, That special rules applicable to the Terry-Blinebry Oil Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES FOR THE TERRY-BLINEBRY OIL POOL

RULE 1: At no time will the horizontal boundaries of the Terry-Blinebry Oil Pool conflict with or overlap the horizontal boundaries of the Blinebry Gas Pool.

RULE 2: No gas, either dry gas or casinghead gas, shall be flared, vented or otherwise wasted in the Terry-Blinebry Oil Pool at any time after ninety (90) days dating from May 1, 1955, or ninety (90) days from the date of completion of a well in said pool, whichever is the later.

Any operator desiring to obtain an exception to the foregoing provision of this rule shall submit to the Director of the Commission an application for such exception accompanied by a sworn statement setting forth the facts and circumstances which justify such exception. The Director is hereby authorized to grant such exception when the granting of such is necessary to protect correlative rights, prevent waste, or prevent undue hardship on the applicant.

The Director shall (a) grant the exception within 15 days following receipt of the application and statement, or (b) set the application for hearing before the Commission at a regularly scheduled monthly hearing; provided, however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Public notice of the hearing of the application shall be published in the manner provided by law.

Should the Director grant an exception to the provisions of Rule 2, notification of such exception shall be distributed to the Commission's regular mailing list.

-13-

Order No. R-610

RULE 3. Bottom-hole pressure tests shall be conducted semi-annually during the months of May and October on all flowing oil wells producing from within the limits of the Terry-Blinebry Oil Pool. Results of such tests shall be reported to the Commission on Form C-124 on or before the 25th day of June and the 25th day of November of each calendar year.

Bottom-hole pressure tests will be conducted in accordance with Rule 302 of the Rules of the Commission. Shut-in time will be 48 hours; datum elevation will be 2400 feet subsea (-2400), and base temperature will be 100 degrees Fahrenheit.

RULE 4: The limiting gas-oil ratio for oil wells in the Terry-Blinebry Oil Pool shall be 6,000 cubic feet of gas per barrel of oil. The provision of this rule shall become effective on May 1, 1955.

RULE 5: The dual completion of a well to cause said well to be classified as an oil well in the Terry-Blinebry Oil Pool and an oil well in any other oil or gas pool as designated by the Commission is hereby prohibited.

RULE 6: The horizontal limits of the Terry-Blinebry Oil Pool shall be those limits set forth in Exhibit "C" attached hereto and made a part hereof.

PROVIDED FURTHER, That for gas allocation purposes and assignment of allowables, the provisions of this order shall become effective on May 1, 1955, unless otherwise stated in this order.

It is recognized that many wells will be reclassified and reassigned as a result of the provisions of this order and that the time involved in the reclassification of wells may cause certain inequities; therefore, the Proration Manager is hereby directed to take such action as he deems advisable to prevent inequitable withdrawals.

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill or Recomplete", all operators shall strictly comply with the provisions of Commission Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That a hearing shall be held on November 16, 1955, at which time the Commission shall hear testimony and receive evidence and shall revise the rules set forth in this order in accordance with testimony and evidence presented at said hearing, if such be necessary.

Order No. R-610

EXHIBIT "A"

Horizontal Limits of Blinebry Gas Pool

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Sec. 3:	Lots 13, 14, 15 and 16, S/2
Sec. 4:	Lots 1, 2, 7, 8, 9, 10, 15 and 16, S/2
Sec. 9:	All
Sec. 10:	All
Sec. 11:	SW/4
Sec. 14:	W/2
Sec. 15:	All
Sec. 16:	All
Sec. 21:	All
Sec. 22:	All
Sec. 23:	All
Sec. 26:	W/2
Sec. 27:	All
Sec. 28:	All
Sec. 33:	All
Sec. 34:	All
Sec. 35:	All
Sec. 36:	All

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Sec. 1:	All
Sec. 2:	All
Sec. 3:	All
Sec. 4:	All
Sec. 9:	All
Sec. 10:	All
Sec. 11:	All
Sec. 12:	All
Sec. 13:	All
Sec. 14:	All
Sec. 15:	All
Sec. 22:	All
Sec. 23:	All
Sec. 24:	All
Sec. 25:	All

EXHIBIT "B"

Horizontal Limits of Blinebry Oil Pool

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Sec. 3:	Lots 13, 14, 15 and 16, S/2
Sec. 4:	Lots 1, 2, 7, 8, 9, 10, 15 and 16, S/2
Sec. 9:	All
Sec. 10:	All
Sec. 11:	SW/4
Sec. 14:	W/2
Sec. 15:	All
Sec. 16:	All
Sec. 21:	All

EXHIBIT "B" (continued)

Horizontal Limits of Blinebry Oil Pool

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 22:	All
Section 23:	All
Section 26:	W/2
Section 27:	All
Section 28:	All
Section 33:	All
Section 34:	All
Section 35:	All
Section 36:	All

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Sec. 1:	All
Sec. 2:	All
Sec. 3:	All
Sec. 4:	All
Sec. 9:	All
Sec. 10:	All
Sec. 11:	All
Sec. 12:	All
Sec. 13:	All
Sec. 14:	All
Sec. 15:	All
Sec. 22:	All
Sec. 23:	All
Sec. 24:	All
Sec. 25:	All

EXHIBIT "C"

Horizontal Limits of Terry-Blinebry Oil Pool

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Sec. 32:	SE/4
Sec. 33:	S/2
Sec. 34:	S/2

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Sec. 1:	Lots 9, 10, 11, 12, 13, 14, 15 & 16, S/2
Sec. 2:	All
Sec. 3:	Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 & 12
Sec. 4:	Lots 3, 4, 5, 6, 11, 12, 13 and 14
Sec. 11:	N/2, SE/4
Sec. 12:	All
Sec. 13:	All
Sec. 14:	E/2

-16-

Order No. R-610

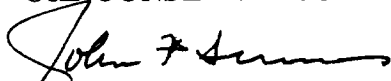
EXHIBIT "C" (continued)

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM (continued)

Sec. 24: All
Sec. 25: All
Sec. 26: E/2

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JOHN F. SIMMS, Chairman



E. S. WALKER, Member



W. B. MACEY, Member and Secretary

S E A L

/ir