

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 860
Order No. R-620

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION ON
ITS OWN MOTION AMENDING AND
REVISING PROVISIONS OF ORDER
NO. R-565, RULE 6 (A) THEREOF,
OF THE SPECIAL RULES AND
REGULATIONS OF THE FULCHER
KUTZ-PICTURED CLIFFS GAS POOL,
THE AZTEC-PICTURED CLIFFS GAS
POOL, AND THE SOUTH BLANCO-
PICTURED CLIFFS GAS POOL, TO
PROVIDE FOR A PROCEDURE IN ASSIGN-
ING ALLOWABLES TO WELLS LOCATED
ON TRACTS CONTAINING LESS THAN A
STANDARD PRORATION UNIT IN ORDER
TO PREVENT THE PREMATURE ABANDON-
MENT OF WELLS, CAUSED BY ASSIGNMENT
OF LOW ALLOWABLES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 20th day of April, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, 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 Order No. R-565 at the present time makes no provision for adjusting the allowable of those wells located on tracts containing less than a standard spacing unit, and the allowables of these wells, as calculated under the present proration formula will be below the economic producing level.
- (3) That the adoption of the revisions and amendments to Order No. R-565 as presented in hearing will provide for a procedure in the

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assignment of allowable to these wells, and will prevent the premature abandonment of such wells which might result from the assignment of low allowables.

(4) That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to adopt the revised and amended Rule 6 (A) as presented at the hearing in this matter.

IT IS THEREFORE ORDERED:

1. That Rule 6 (A), Paragraph 2, of the Special Rules and Regulations for Aztec-Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool, and the South Blanco-Pictured Cliffs Gas Pool, as each is set forth in Order R-565, be and the same is hereby amended to read as follows:

RULE 6 (A), Paragraph 2:

"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 which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables."

2. That Rule 9 of the Special Pool Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool and the South Blanco-Pictured Cliffs Gas Pool as each is set forth in Order R-565, be and the same is hereby revised and extended to include the following additional paragraph:

"Any well having a calculated allowable less than that of the largest allowable assigned a marginal well shall be assigned an allowable equal to the largest marginal allowable; provided that the allowable so assigned shall not be greater than the well's ability to produce. If the allowable so assigned is greater than the well's ability to produce, the well shall be limited to its ability to produce. All wells with allowables so assigned shall be classified as marginal wells.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms

JOHN F. SIMMS, Chairman

E. S. Walker

E. S. WALKER, Member

W. B. Macey

W. B. MACEY, Member and Secretary

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