

Entered July 13, 1956
J.L.P.

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. 1082
Order No. R-836

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION TO CONSIDER AN
EXCEPTION TO OR TEMPORARY
SUSPENSION OF THE RULES
PERTAINING TO OVER PRODUCTION
AND UNDER PRODUCTION IN ALL
PRORATED GAS POOLS IN LEA
COUNTY, NEW MEXICO, AS PROVIDED
BY RULES 9 AND 10 OF ORDER NO.
R-520, RULES 9 AND 10 OF ORDER
NO. R-586, AND RULES 13 AND 14
OF ORDER NO. R-610, INsofar AS
SAID RULES PERTAIN TO OVER
PRODUCTION AND UNDER PRODUCTION
IN ALL PRORATED GAS POOLS IN 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 14, 1956, before the Oil Conservation Commission, herein-
after referred to as the "Commission".

NOW, on this 9th day of July, 1956, the Com-
mission, a quorum being present, having considered all the
evidence and testimony submitted, 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 the provisions of Rule 9 and Rule 10
of the Special Pool Rules for the Jalmat and Eumont Gas Pools,
as set forth in Order R-520, and Rule 9 and Rule 10 of the Special
Pool Rules for the Tubb, Byers-Queen, and Justis Gas Pools, as
set forth in Order No. R-586, and Rule 13 and Rule 14 of the
Special Pool Rules for the Blinebry Gas Pool, as set forth in

Order No. R-610, accumulated underproduction of allowables assigned to the wells in the respective pools which has been carried forward, and not made up during the next succeeding proration period, shall be cancelled; and wells overproduced during one proration period and still overproduced and never brought in balance during the next succeeding proration period shall be shut in and their current monthly allowable charged against said overproduction until the wells are in balance.

3. That wells to which Permian Basin Pipeline Company is connected in the Eumont, Jalmat, Blinebry and Tubb Gas Pools have accumulated large volumes of gas allowables which have remained unproduced, and are subject to cancellation July 1, 1956.

4. That the accumulation of underproduction has been due to a rapid increase in the number of gas wells on acreage under contract to Permian Basin Pipeline Company, and resultant lack of facilities for the processing of gas from the additional wells, which lack of facilities is now being remedied.

5. That Permian Basin Pipeline Company has a need for this unproduced gas, allowables for which are subject to cancellation July 1, 1956, and it appears will be able to produce such gas in addition to normal current allowables during the next two ensuing proration periods commencing July 1, 1956.

6. That unless the cancellation of underproduction is suspended for a period of one year from July 1, 1956, producers to whose wells Permian Basin Pipeline Company is connected will be denied the opportunity of producing their fair share of the gas reserves underlying the Eumont, Jalmat, Blinebry and Tubb Gas Pools.

7. That all other operators in the prorated gas pools of Lea County, New Mexico, should have the same opportunity to produce gas for which allowables have heretofore been granted, and which remains unproduced and subject to cancellation July 1, 1956.

8. That Southern Union Gas Company is connected to wells in the Eumont and Jalmat Gas Pools, Lea County, New Mexico, which are currently overproduced, and have not been brought in balance during the proration period commencing January 1, 1956, and that such wells are subject to being shut in and their current monthly allowable charged against said wells until they are in balance.

9. That there are wells overproduced in an amount equal to or exceeding six times the current monthly allowable assigned to such wells and are subject to being immediately shut in until in balance.

10. That Southern Union Gas Company has a present and continued need for gas which need cannot be met if such wells are not allowed to continue producing, and that a prolonged shut-in of said wells could affect their productive capacity adversely, resulting in waste.

11. That Southern Union Gas Company will apparently have available increased supply of gas by interchange with other pipelines, which should enable them to bring wells to which they are presently connected into balance during the next two proration periods commencing July 1, 1956.

12. That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the prorated gas pools of Lea County, New Mexico, the opportunity to produce his just and equitable share of the reserves underlying said gas pools, the provisions of Rules 9 and 10 of Order No. R-520, Rules 9 and 10 of Order No. R-586, and Rules 13 and 14 of Order No. R-610 should be suspended, in part, for a period of one year commencing July 1, 1956, and ending June 30, 1957.

IT IS THEREFORE ORDERED:

1. That Rules 9 of the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as contained in Order No. R-520, Rule 9 of the Special Rules and Regulations for the Tubb, Byers-Queen, and Justis Gas Pools as contained in Order No. R-586, and Rule 13 of the Special Rules and Regulations for the Blinebry Gas Pool as contained in Order No. R-610, be and the same hereby are suspended until June 30, 1957, insofar and only insofar as said rules require the cancellation of gas allowables remaining unproduced and carried forward which are subject to cancellation July 1, 1956, and January 1, 1957.

2. That Rule 10 of the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as contained in Order No. R-520, Rule 10 of the Special Rules and Regulations for the Tubb, Byers-Queen, and Justis Gas Pools as contained in Order No. R-586, and Rule 14 of the Special Rules and Regulations for the Blinebry Gas Pool as contained in Order No. R-610, be and the same hereby are suspended until June 30, 1957, insofar and only insofar as said rules require that over-produced wells be shut in until said wells are in balance.

IT IS FURTHER ORDERED:

1. That the suspension granted herein shall be for a period terminating June 30, 1957. All gas allowables remaining unproduced at that date which would be subject to cancellation July 1, 1957, shall be subject to cancellation under the appropriate rules and regulations. All wells overproduced on June 30, 1957, which would be subject to being shut-in in the absence of this

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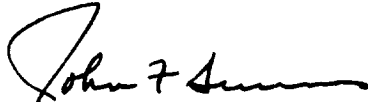
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suspension on July 1, 1957, shall be subject to the shut-in provisions of the applicable rules and regulations.

2. That in order to prevent the accumulation of excessive overproduction, and to assure that every effort is being made to bring underproduced wells in balance, the Commission hereby retains jurisdiction of this case for the purpose of modifying or rescinding this order.

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

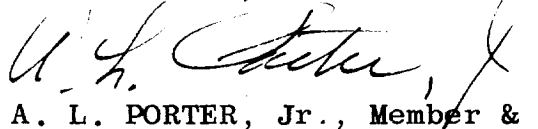
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JOHN F. SIMMS, Chairman



E. S. WALKER, Member



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

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