

Entered December 11, 1973
A.J.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 NEW MEXICO ON ITS
OWN MOTION TO RECEIVE A REPORT
FROM THE BLINEBRY STUDY COMMITTEE,
BLINEBRY GAS POOL AND BLINEBRY OIL
POOL, LEA COUNTY, NEW MEXICO.

CASE NO. 5108
Order No. R-1670-N

Nomenclature

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 15, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of December, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That on August 23, 1972, the Examiner heard Case No. 4775, which related to the Blinebry Gas Pool and Blinebry Oil Pool, and to the possible amendment of the Special Pool Rules governing said pools.

(2) That on May 22, 1973, the Commission entered Order No. R-4536, dismissing the aforesaid Case No. 4775 and calling for the appointment of a special Blinebry Pool Study Committee, and further requiring that a case be called no later than November 20, 1973, to receive a report and recommendations from said study committee, and to consider the possible amendment of the Blinebry Pool Rules.

(3) That pursuant to the provisions of Order No. R-4536, the Secretary-Director of the Commission, by memorandum dated May 23, 1973, appointed a Blinebry Study Committee, requesting said committee "...to make a study of the Blinebry Oil Pool and the Blinebry Gas Pool and to make recommendations to the Commission at a hearing to be called within the next six months."

(4) That pursuant to the provisions of Order No. R-4536, the instant case was called, and due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(5) That the Blinebry Gas Pool and the Blinebry Oil Pool are part of a complex reservoir system of interrelated gas-bearing and oil-bearing stringers.

(6) That method of completion is often the determining factor as to whether a well will be classified as a gas well in the Blinebry Gas Pool or as an oil well in the Blinebry Oil Pool.

(7) That the producing characteristics of a well completed in this complex Blinebry reservoir system will frequently fluctuate during the life of the well with the result that under the present pool rules, the well's classification will often change from oil to gas and vice versa.

(8) That Rule 27 (A) of the present Blinebry Pool Rules defines a gas well in the Blinebry Gas Pool as being a well producing from within the vertical and horizontal limits of the Blinebry Gas Pool and which (1) produces liquid hydrocarbons possessing a gravity of 51° API or greater, or (2) produces liquid hydrocarbons possessing a gravity of less than 51° API but with a producing gas-liquid ratio of 32,000 cubic feet of gas or more per barrel of liquid hydrocarbon.

(9) That Rule 27 (B) of the present rules defines a well producing from the pool and not classified as a gas well, as defined above, as an oil well in the Blinebry Oil Pool.

(10) That a more succinct definition of gas wells and oil wells is needed in order to minimize the fluctuation of classification of wells referred to in Finding No. (7) above, and the definition of a well as a gas well or an oil well should not be dependent upon the gravity of the liquids produced but should be dependent upon the gas-liquid ratio of the well as determined from a review of the well's production data, gas-liquid ratio tests, and other pertinent data.

(11) That the basic criterion upon which a well should be classified as a gas well should be a determination as to whether the well's true ratio, in view of its production data, gas-liquid ratio tests, and other pertinent data, is 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons.

(12) That in order to more nearly equalize natural gas withdrawals from gas wells and casinghead gas withdrawals from oil wells on a per-dedicated-acre basis, and to more adequately prevent reservoir damage and underground waste and to protect correlative rights, a limiting gas-oil ratio of 4000 cubic feet of gas per barrel of oil should be established for oil wells in the Blinebry Oil and Gas Pool.

(13) That the vertical limits of the Blinebry Oil and Gas Pool should extend from a point 75 feet above the "Blinebry Marker" to a point 100 feet above the "Tubb Marker." The Blinebry Marker shall be that point encountered at a depth of 5,457 feet (elevation 3380', sub-sea datum -2079') and the Tubb Marker shall

be that point encountered at a depth of 5921 feet (elevation 3380', sub-sea datum -2541') in the Exxon Corporation State "S" Well No. 20, located in the SW/4 NW/4 of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(14) That in order to prevent waste and to protect correlative rights, the recommended pool rules for the Blinebry Oil and Gas Pool, as presented at the hearing by the Blinebry Pool Study Committee, should, with minor modification, be adopted and made applicable to the Blinebry Oil and Gas Pool as defined in Finding No. (13) above and on Exhibit "A" attached to this order.

IT IS THEREFORE ORDERED:

(1) That there is hereby created and defined as described in Rule 25 below and in Exhibit "A" attached hereto and made a part hereof, the Blinebry Oil and Gas Pool.

(2) That the aforesaid Blinebry Oil and Gas Pool shall be subject to the following special rules and regulations which are hereby adopted as an amendment to Order No. R-1670, "Rules and Regulations Governing Prorated Gas Pools in New Mexico."

II SPECIAL RULES AND REGULATIONS FOR THE BLINEBRY OIL AND GAS POOL

(The Blinebry Pool was created February 17, 1953, and prorationing was instituted January 1, 1954.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1. Each well completed or recompleted in the Blinebry Oil and Gas Pool or in the Blinebry formation within one mile thereof and not nearer to nor within the boundaries of another pool producing from the Blinebry formation, shall be spaced, drilled, operated, and prorated in accordance with the rules for the Blinebry Oil and Gas Pool as set forth herein.

RULE 2 (a). After the effective date of this order, each well drilled or recompleted as an oil well, or as a gas well to which no more than 40 acres shall be dedicated, shall be located not closer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(b) After the effective date of this order, no well drilled as a gas well and to which is dedicated, or to which will be dedicated, more than 40 acres shall be located nearer than 660 feet to the outer boundary of its proration unit or of the quarter section and not nearer than 330 feet to any governmental quarter-quarter section line or subdivision line.

RULE 3. The Secretary-Director of the Commission may grant an exception to the footage requirements of Rule 2 (a) or 2 (b) without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application. If any written objection is received, or at the direction of the Secretary-Director, any such application may be set for hearing. An unorthodox location may be subject to an allowable adjustment if it is directly offsetting another producing well.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Blinebry Oil and Gas Pool.

RULE 5 (A). Each gas well within the Blinebry Oil and Gas Pool shall be located on a standard proration unit consisting of approximately 160 acres which shall comprise a governmental quarter section. For purposes of these rules, a unit consisting of between 158 and 162 contiguous surface acres shall be considered a standard unit.

RULE 5 (B). Each oil well within the Blinebry Oil and Gas Pool shall be located on a standard unit consisting of approximately 40 acres which shall comprise a governmental quarter-section or lot.

RULE 5 (C) 1. The District Supervisor of the Hobbs district office of the Commission shall have authority to approve a non-standard unit as an exception to Rule 5 (A) or 5 (B) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75 percent nor more than 125 percent of a standard unit.

2. The District Supervisor may approve the non-standard unit by:

(a) accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(b) assigning an allowable to the non-standard unit.

3. The Secretary-Director may grant an exception to the requirements of Rule 5 (A) without notice and hearing where an application has been filed in due form and where the unorthodox size and shape of the tract is due to a variation in legal subdivisions of the United States Public Lands Survey or where the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of contiguous quarter-quarter sections or lots.
- (b) The non-standard unit consists of not more than 164 acres and lies wholly within a single governmental section.
- (c) The entire non-standard unit may reasonably be presumed to be productive of gas from the Blinebry Oil and Gas Pool.
- (d) The applicant presents written consent in the form of waivers from all offset operators, and from all operators owning interests in the quarter section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.
- (e) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the afore-said operators were notified by registered or certified mail of its intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 20 days, no such operator has entered an objection to the formation of the non-standard unit.
- (f) The Secretary-Director may grant an exception to Provision (a) above if a completion, re-completion, or reclassification of a Blinebry well results in dedication of acreage to an oil well on a previously approved gas proration unit, and thereby severs acreage contained in said unit from the gas well which produces for the unit.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 8 (A). The total allowable to be allocated to gas wells in the pool regulated by this order 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. The allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal gas wells entitled to an allowable in the proportion that each well's acreage factor

bears to the total of the acreage factors for all non-marginal gas wells in the pool.

RULE 8 (B). 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 1980, Hobbs, New Mexico 88240) by the purchaser, or the date of filing of Form C-104 and a plat (Form C-102), whichever date is the later.

G. GENERAL

RULE 22. No natural gas produced from a gas well in the Blinebry Oil and Gas Pool shall be flared or vented except as provided in Rule 401 of the Commission Rules and Regulations and no oil well casinghead gas shall be flared or vented except as provided in Rule 306.

H. MISCELLANEOUS SPECIAL POOL RULES

RULE 25. The vertical limits of the Blinebry Oil and Gas Pool shall extend from a point 75 feet above the "Blinebry Marker" to a point 100 feet above the "Tubb Marker." The Blinebry Marker shall be that point encountered at a depth of 5457 feet (elevation 3380, sub-sea datum -2077) and the Tubb Marker shall be that point encountered at a depth of 5921 feet (elevation 3380, sub-sea datum -2541) in the Exxon Corporation State "S" Well No. 20, SW/4 NW/4 Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

RULE 26 (a). A gas well in the Blinebry Oil and Gas Pool shall be a well producing from within the vertical and horizontal limits of the pool which produces with a gas-liquid ratio of 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons. Provided, however, that any well which on January 1, 1974, was classified as a gas well in the Blinebry Gas Pool shall continue to be classified as a gas well. For those wells classified as gas wells, but with gas-liquid ratios of less than 50,000 cubic feet of gas per barrel, the operator may, upon application to the District Supervisor, receive a reclassification of said well to that of an oil well.

(b) A well producing from within the horizontal and vertical limits of the Blinebry Oil and Gas Pool and not classified as a gas well, as defined in Rule 26 (a) above, shall be classified as an oil well.

(c) Should remedial work, production data, or other circumstances at any time indicate classification of a well as an oil well or a gas well to be improper, the District Supervisor may reclassify said well to its proper category, subject to the same procedures outlined in Rule 26 (d) below.

(d) The District Supervisor, on or before November 15 of each year, shall review production data, gas-oil ratio tests, and other pertinent data and reclassify a well under Rule 26 (a) if production data, gas-oil ratio tests, or other evidence reflects the need for such reclassification. In such event the District Supervisor will notify the operator of such reclassification at least 30 days before the effective date thereof. Any operator so notified may request that the District Supervisor reconsider the reclassification if he has reason and evidence to support such request and same is filed not later than 10 days after such notification of reclassification. The District Supervisor shall approve or disapprove the request within 10 days after receipt thereof or in the alternative, with the consent of applicant set the request for hearing.

(e) In the event an oil well in the Blinebry Oil and Gas Pool is reclassified as a gas well, the operator of such well will be afforded the opportunity to form a non-standard gas proration unit for the well; provided however, that, until such unit is formed, said well shall be allocated a gas allowable commensurate with the acreage contained in the unit formerly dedicated to the oil well. In the event of two or more gas wells producing from the Blinebry Oil and Gas Pool within a single proration unit, the allowable assigned to the unit may be produced from any well on the unit in any proportion.

RULE 27. Oil wells within the Blinebry Oil and Gas Pool shall receive oil and casinghead gas allowables as provided in Statewide Rules 503, 505, and 506. The limiting gas-oil ratio for the Blinebry Oil and Gas Pool shall be 4,000 cubic feet of gas per barrel of oil.

RULE 28. Acreage dedicated to a gas well in the Blinebry Oil and Gas Pool shall not be simultaneously dedicated to an oil well in the pool, and the dual completion of a well so as to produce separate gas and oil allowables from the Blinebry Oil and Gas Pool is hereby prohibited.

RULE 29 (a). Condensate from any gas well in the Blinebry Oil and Gas Pool may be commingled with other condensate produced by any other gas well or gas wells producing from the pool or the Tubb Gas Pool following its separation from the gas in a separator, provided approval therefor has been obtained in accordance with Commission Rule 303-B and/or Rule 309-B, whichever is applicable.

If two-stage separation is used, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from the other low-pressure gas produced on the lease, provided that certain test facilities are available and periodic tests made in accordance with Rule 30 below.

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(b) In submitting Form C-115 (Operator's Monthly Report) on wells producing from the Blinebry Oil and Gas Pool in which condensate is commingled and/or the low-pressure gas is commingled with other low-pressure gas produced on the lease, the operator shall estimate the volume produced by each well in each pool by using the ratios as reflected in the most recent test submitted.

RULE 30. Gas-liquid ratio tests shall be conducted annually during the months of July, August and September on all wells located in and producing from the Blinebry Oil and Gas Pool. Results of such tests shall be reported to the Commission on Form C-116 on or before the 10th day of October of each calendar year.

IT IS FURTHER ORDERED:

- (1) That the Commission's Statewide Rules and Regulations, and each of the General Rules and Regulations for the Prorated Gas Pools of Southeastern New Mexico, as promulgated by Order No. R-1670, as amended, unless in conflict with one of the above special rules applicable to the Blinebry Oil and Gas Pool, shall also apply to the wells in the Blinebry Oil and Gas Pool.
- (2) That the Special Rules and Regulations for the Blinebry Gas Pool, as promulgated by Order No. R-1670, are hereby superseded.
- (3) That the vertical limits of the Blinebry Oil and Gas Pool shall be as defined in Rule (25) above and the horizontal limits shall be as described in Exhibit "A" attached hereto and made a part hereof.
- (4) That the Blinebry Gas Pool and the Blinebry Oil Pool, as heretofore classified and defined by the Commission, are hereby abolished.
- (5) That the effective date of this order shall be January 1, 1974.
- (6) That jurisdiction of this cause is hereby retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman


ALEX J. ARRIAGA, Member


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

S E A L

dr/

EXHIBIT "A"

HORIZONTAL LIMITS OF THE BLINEBRY OIL AND GAS POOL
LEA COUNTY, NEW MEXICO

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Sec. 32: SE/4 Sec. 35: S/2
Sec. 33: NE/4 & S/2 Sec. 36: W/2
Sec. 34: NW/4 & S/2

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Sec. 24: E/2 Sec. 36: N/2 & SW/4
Sec. 25: NE/4 & S/2

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Sec. 1: Lots 4, 5, 9 Sec. 18: SE/4
 through 16, Secs. 19 through 30:
 and S/2 All
Secs. 2 through 4: All Sec. 31: N/2
Sec. 8: NE/4 Sec. 32: E/2
Secs. 9 through 17: Secs. 33 through 36:
 All All

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM

Sec. 1: E/2 Sec. 12: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Secs. 1 through 4: All Sec. 16: N/2 & SE/4
Sec. 5: N/2 Secs. 22 through 25: All
Sec. 6: N/2 Sec. 26: NE/4 NE/4 and
Sec. 8: N/2 & SE/4 NE/4 SE/4
Secs. 9 through 15: Sec. 35: NE/4
 All Sec. 36: N/2 & SE/4

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Sec. 6: NW/4 & S/2 Sec. 20: NW/4 & S/2
Sec. 7: W/2 Secs. 29 through 32: All
Sec. 18: W/2 Sec. 33: NW/4
Sec. 19: All

TOWNSHIP 23 SOUTH, RANGE 38 EAST, NMPM

Sec. 5: NW/4 Sec. 6: N/2