

Received: 7-14-2006
Suspension Date: 8-3-2006
PM 621445616



PLANTATION PETROLEUM COMPANIES

PLANTATION PETROLEUM HOLDINGS III, LLC; PLANTATION OPERATING, LLC

2203 Timberloch Place, Ste. 229
The Woodlands, TX 77380
Tel: (281) 296-7222
Fax: (281) 298-2333

July 13, 2006

FEDERAL EXPRESS MAIL

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505

2006 JUL 14 PM 11 00

**RE: State H-17 No. 2 - Proposed Recompletion to Eumont Gas Pool
W/2 NW/4, D-17-20S-37E
330' FNL & 330' FWL
Lea County, New Mexico
Administrative Application for Simultaneous Dedication,
Increased Well Density, Non-Standard Location in
Existing 80 acre Non-Standard Proration Unit
Administrative Order No. R-370-A , Rule 4**

Dear Mr. Stogner,

Please find enclosed a copy of the **Unorthodox Location Approval Letter by Mr. R. R. Spurrier dated April 21, 1954** and **Administrative Order No. R-370-A, Rule 4 approved November 10, 1953**, corresponding to the **80 acre Eumont (Gas) non-standard proration Unit**, consisting of W/2 NW/4 Section 17, T-20S, R-37E Lea County, New Mexico. The letter grants approval to dedicate one Eumont well, to the subject existing 80 acre Eumont (Gas) non-standard proration unit, the Wulff State No. 2 (2310' FNL & 990' FWL, E-17-T-20S-R-37E).

Instead of drilling a new well on this 80 acre PU, we have consequently acquired the offset wellbore from the previous operator, and hereby propose to recomplete the **State H-17 No. 2, (330' FNL & 330' FWL, D-17-20S-37E, API # 30-025-06137)** well, from a Eunice Monument Oil well to a Eumont Gas well producer. The State H-17 No. 2, which was originally drilled January 10, 1936 by Elmer J. Boescke Jr., was completed from (3716' -3724') as a Eunice Monument Oil (San Andres-Grayburg) producer.

We hereby ask for NMOCD administration approval to add the following well with concurrent simultaneous dedication, increased density, as a non-standard location, in the non-standard existing 80 acre proration unit:

	Surface Location	Bottom Hole Location
a.) State H-17 No. 2	D-17-20S-37E	D-17-20S-37E

Approval of the simultaneous dedication application will prevent waste, by allowing for the optimal recovery of remaining gas reserves while protecting our mineral rights, (including gas reserves from tighter Eumont strata, within the Eumont interval.

Michael Stogner
New Mexico Oil Conservation Division
State H-17 # 2
Page 2

Notice of this administrative application, has been sent by Federal Express mail to the applicable diagonal and adjacent offset Eumont operators, which operators are attached.

We thank you for your thoughtful review of this matter as we expect a workover rig in the next month.

Very truly yours,

PLANTATION OPERATING, LLC



John Allred, P.E.
Engineer

cc:

Chris Williams
District Supervisor – District 1
1625 N. French Drive
Hobbs, New Mexico 88240

Donna Mull
APD Permitting – District 1
1625 N. French Drive
Hobbs, New Mexico 88240

ConocoPhillips
4001 Penbrook St.
Odessa, TX 79762

Apache Corporation
3000 N. "A" St.
Building 8, Suite 220
Midland, TX 79705

BP America Production Company
600 N. Marienfeld
Midland, TX 79702

John H. Hendrix Corporation
110 N. Marienfeld, Suite 400
Midland, TX 79701

Well File

Plantation Operating LLC
Wulf State Lease
 W/2 NW/4, Section 17
 T-20-S, R-37-E
 Lea County, New Mexico
 (80 acres)

20S-37E

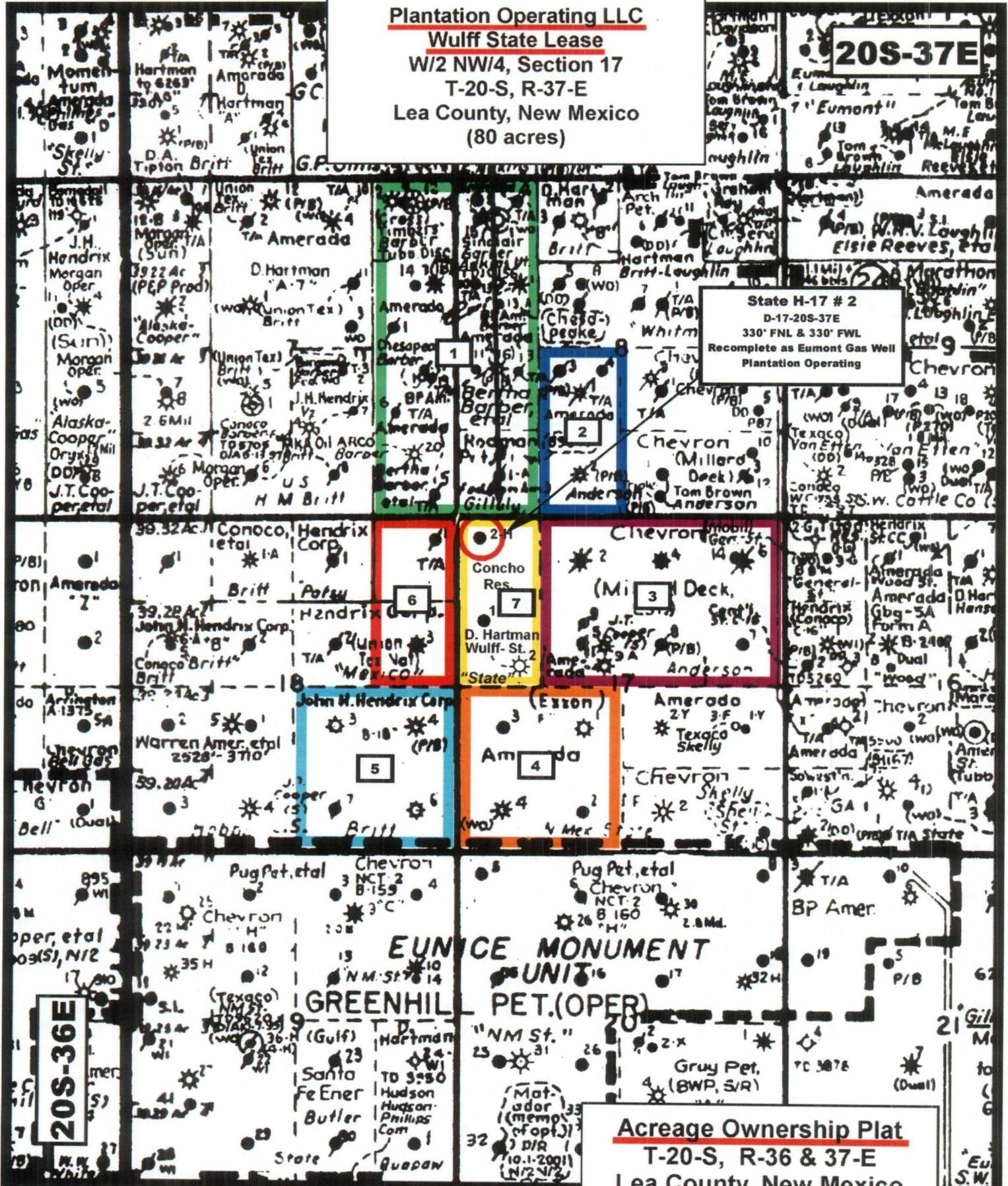
State H-17 # 2
 D-17-20S-37E
 330' FNL & 330' FWL
 Recomplete as Eumont Gas Well
 Plantation Operating

2-1
 Concho Res.
 7
 D. Hartman Wulf-St. 2
 "State"

Acreage Ownership Plat
 T-20-S, R-36 & 37-E
 Lea County, New Mexico
 Scale: 1" = 2000'

EUNICE MONUMENT
UNIT 16
GREENHIL PET.(OPER)

20S-36E



LIST OF OFFSET EUMONT (GAS) OPERATORS

Plantation Operating, LLC
State A-17 No. 2
W/2 NW/4, Section D-17, T-20S, R-37E
Lea County, New Mexico

Tract No.	Operator	Lease and Well Name (s)	Gas Well Locations	Unit Description	No. of Acres	ACT/INA
1 (Green)	BP America Production Company BP America Production Company	Barber Gas Com # 1, # 4 Barber Gas Com # 3	E, L-08-20S-37E H-07-20S-37E	E/2 NE/4, E/2 SE/4, Sec 7, T-20-S, R-37-E, W/2 NW/4, W/2 SW/4, Sec 8, T-20-S, R-37-E	320	ACT
2 (Dark Blue)	Apache Corporation	T Anderson # 2	N-08-20S-37E	E/2 SW/4, Sec 8, T-20-S, R-37-E	80	ACT
3 (Purple)	ConocoPhillips Company	Theodore Anderson # 4, # 7, # 11	B, H, F-17-20S-37E	NE/4, E/2 NW/4, Sec 17, T-20-S, R-37-E	240	ACT
4 (Orange)	Apache Corporation	New Mexico F State # 4	M-17-20S-37E	SW/4, Sec 17, T-20-S, R-37-E	160	ACT
5 (Light Blue)	Hendrix John H Corporation	Britt B 18 # 3, # 6	J, P-18-20S-37E	SE/4, Sec 18, T-20-S, R-37-E	160	ACT
6 (Red)	Hendrix John H Corporation	Mexico # 3	H-18-20S-37E	E/2 NE/4, Sec 18, T-20-S, R-37-E	80	ACT
7 (Yellow)	Plantation Operating, LLC	Wulff State # 2	E-17-20S-37E	W/2 NW/4, Sec 17, T-20-S, R-37-E	80	ACT

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-06137
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name State H-17
8. Well Number 2
9. OGRID Number 237788
10. Pool name or Wildcat Eumont (Yates-7 Rivers-Queen) (Gas)

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
 Plantation Operating, LLC

3. Address of Operator
 2203 Timberloch Place, Suite 229, The Woodlands, TX 77380

4. Well Location
 Unit Letter D : 330 feet from the North line and 330 feet from the West line
 Section 17 Township 20S Range 37E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3542' GR

Pit or Below-grade Tank Application or Closure
 Pit type Steel Depth to Groundwater 35 Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'
 Pit Liner Thickness: mil Below-Grade Tank: Volume bbls; Construction Material

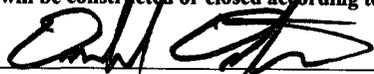
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Recompletion</u> <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

- 1.) POH w/ rods & tubing.
- 2.) Set BP @ 3635' above Eunice Monument perfs: (3666-3676')
- 3.) RIH w/ logs to evaluate Eumont Gas interval (3210-3550').
- 4.) Perf well and test. Acidize and stimulate well if productive.
- 5.) Place well back on production.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE  TITLE COO DATE 7/13/2006

Type or print name Donald Dotson E-mail address: ddotson@plantationpetro.com Telephone No. 281-296-7222
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): _____

State of New Mexico

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-06137		Pool Code 76480	Pool Name Eumont (Y-7R-Q) Gas
Property Code 302138	Property Name STATE H-17		Well Number 2
OGRID No. 237788	Operator Name PLANTATION OPERATING, LLC		Elevation 3542'

Surface Location

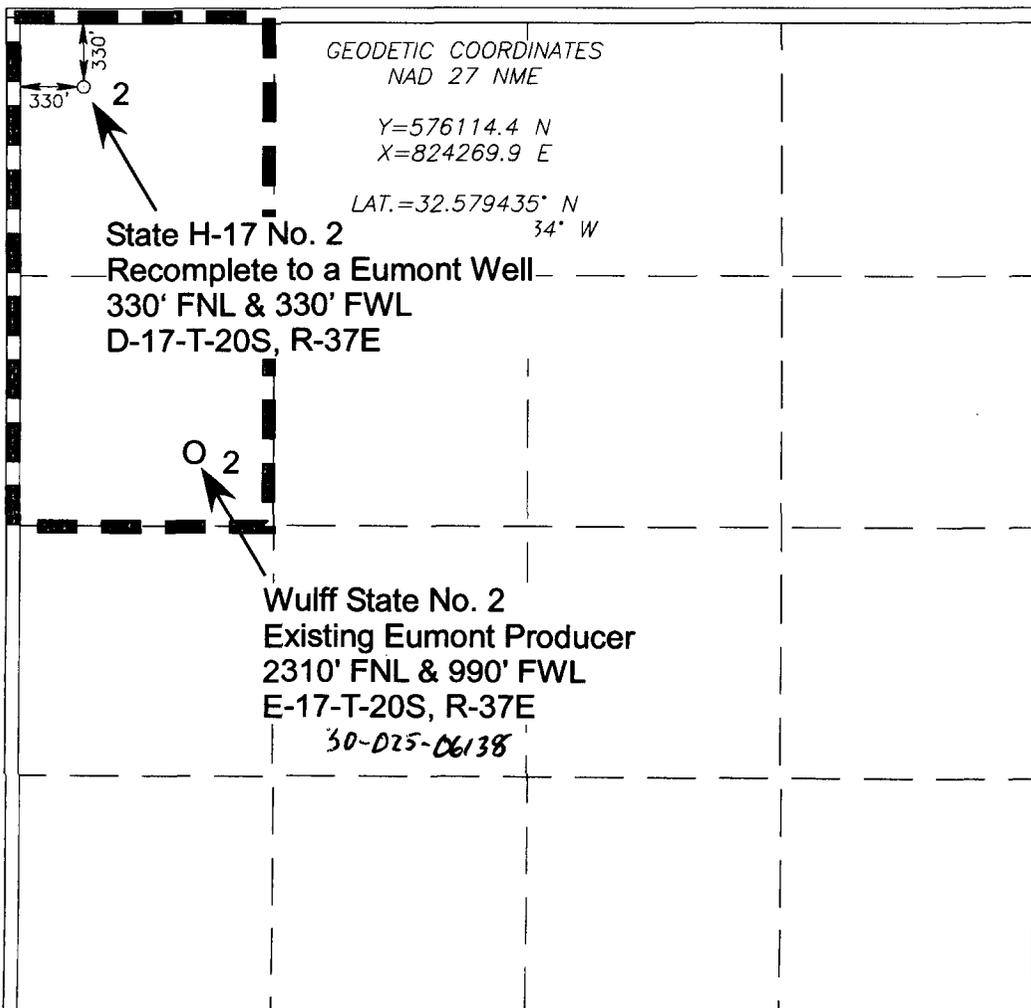
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	17	20-S	37-E		330	NORTH	330	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 80	Joint or Infill Y	Consolidation Code	Order No. Administrative Order No. R-370-A (4/21/54)
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

John Allred 7/6/06
Signature Date
John Allred
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

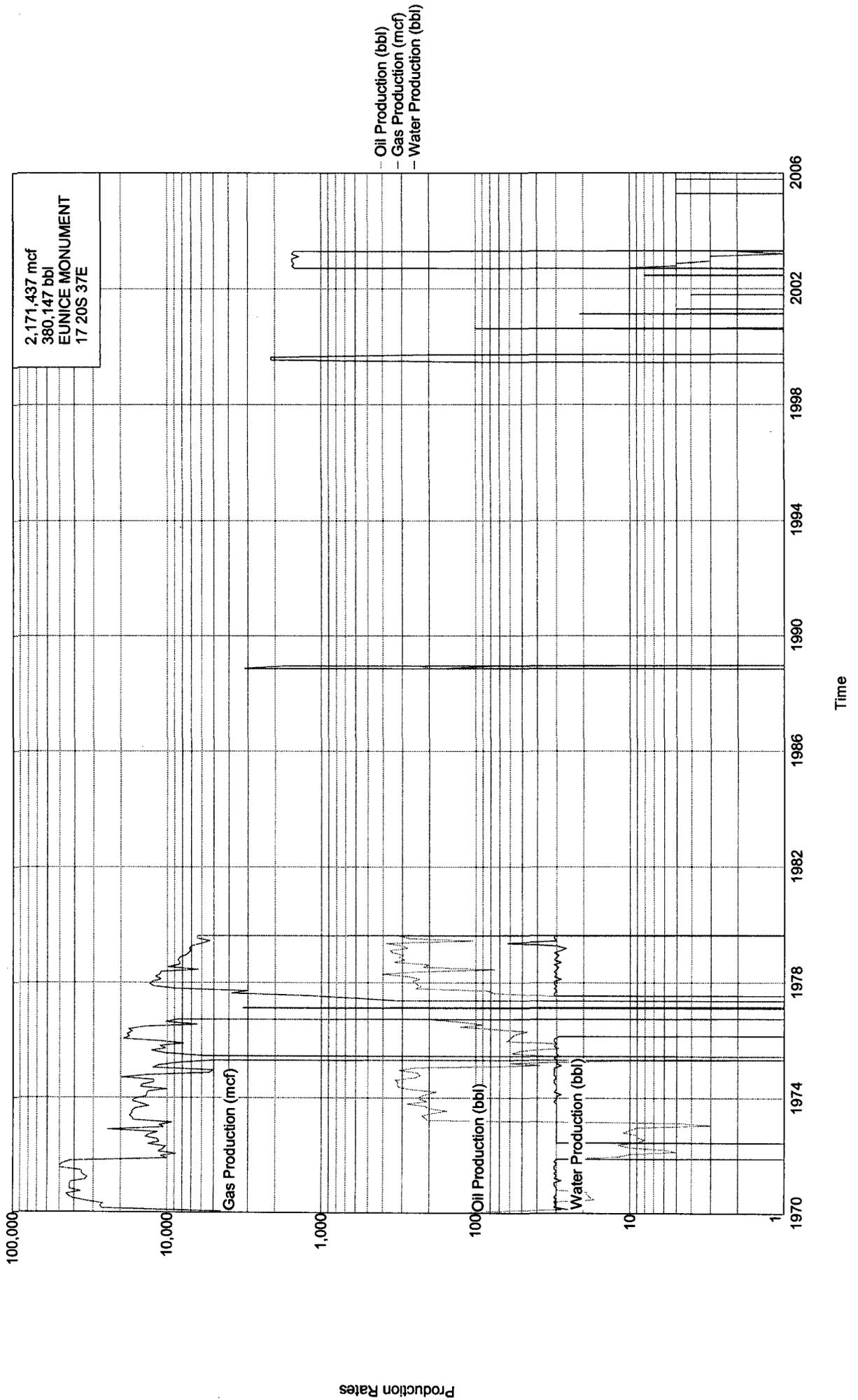
Date Surveyed LA
Signature & Seal of Professional Surveyor

06.13.1113

Certificate No.

Lease Name: STATE H 17
 County: State: LEA, NM
 Operator: OIL & GAS OPERATIONS
 Field: EUNICE MONUMENT
 Reservoir: GRAYBURG SAN ANDRES
 Location: 17 20S 37E

STATE H 17 - 2 30025061370000



John Allred

From: John Allred [jallred@plantationpetro.com]
Sent: Wednesday, May 10, 2006 3:54 PM
To: Sean Keenan
Subject: FW: State H-17 # 2

-----Original Message-----

From: Stogner, Michael, EMNRD [mailto:michael.stogner@state.nm.us]
Sent: Tuesday, April 11, 2006 3:17 PM
To: John Allred
Cc: Mull, Donna, EMNRD; Kautz, Paul, EMNRD; Williams, Chris, EMNRD
Subject: RE: State H-17 # 2

Accord to my records this will be an infill well to an existing 80-acre Eumont NSP currently dedicated to Plantation's Wulff State #2 (30-025-06138). A well density exception and an unorthodox gas well location approval will be required.

Sorry about the misspelling on the previous order, attached is a corrected draft order.

From: John Allred [mailto:jallred@plantationpetro.com]
Sent: Mon 4/10/2006 2:57 PM
To: Stogner, Michael, EMNRD
Subject: Re: State H-17 # 2

Michael:

Re: State H-17 # 2
(API # 30-025-06137)
Drilled Jan. 12, 1937

We would buy this well from the current operator and re-enter for a Eumont Gas well recompletion.

This well is in Unit D, Sec 17, T-20S, R-37E (330'FNL & 330'FWL).

Is the spacing offset going to be a problem in the Eumont Pool?

Regards,

John Allred

Plantation Petroleum Companies

2203 Timberloch Place, Suite 229

5/16/2006

The Woodlands, Texas 77380

(281) 296-7222 w

(281) 389-8832 m

(281) 298-2333 Fax

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CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 21, 1954

Mr. R. B. Honeyman, Jr.
Box 429
Big Springs, Texas

Re: Unorthodox Location - Wulff State #2 Well,
2310' from the N/L and 990' from the W/L
Section 17, Township 20 South, Range 37 East,
Eumont Gas Pool.

Gentlemen:

Reference is made to your letter of April 8, 1954 pertaining to the approval of an unorthodox location for the above mentioned well.

Pursuant to authority granted to me by the provisions of Order No. R-370-A, Rule 4, permission is hereby granted to produce this well in compliance with pool rules.

Very truly yours

R. R. Spurrier
R. R. Spurrier
Secretary and Director

cc: Amerada Petroleum Corp
Monument, N.M.
Atlantic Oil & Refining Co
Denver City, Texas
Continental Oil Co
Hobbs, N.M.
Gulf Oil Corporation
Hobbs, N.M.
Humble Oil & Refining Co
Hobbs, N.M.
Stanolind Oil & Gas Co
Hobbs, N.M.
Oil Conservation Comm.
Hobbs, N.M.

Phillips Petroleum Co
Hobbs, N.M.

Sinclair Oil & Gas Co
Hobbs, N.M.

C

O

P

Y

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. 584
Order No. R-370-A

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION FOR ALL
OPERATORS AND INTERESTED PARTIES IN THE
EUMONT GAS POOL TO SHOW CAUSE WHY THE
RULES AND REGULATIONS AS SET OUT IN ORDER
R-356, WITH ANY ESSENTIAL AMENDMENTS,
SHOULD NOT BE PUT INTO EFFECT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m., on October 28, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 10th. day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced, the exhibits received, the statements of interested parties, the official records of this Commission and other pertinent data, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given, the Commission has jurisdiction of this cause.
- (2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.
- (3) That thereafter, after due notice and hearing, Order R-370 was duly entered by the Commission. Order R-370 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Eumont Gas Pool, heretofore established. R-370 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.
- (4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Eumont Gas Pool, heretofore established, described and classified as a gas pool.

That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Eumont Pool, and should conform, generally with the provisional special rules of Order R-370.

(5) That in order for the Commission to evaluate and delineate the actual productive limits of the Eumont Gas Pool all operators of oil and gas wells within the defined limits of the Jalco Gas Pool should supply certain Geological and Reservoir data to the Commission.

(6) That pending further study and orders, the allocation of gas in the Eumont gas pool should be calculated on the basis of 100 per cent acreage, based upon the standard 160 acre proration unit, which unit is limited to a regular quarter section subdivision of the U. S. Public Land Surveys and consisting of not less than 158 nor more than 162 acres, substantially in the form of a square, with provision for deviation therefrom particularly in cases of wells heretofore completed where the impracticability of unitization is apparent.

(7) That an adequate gas well testing procedure should be adopted as soon as possible so that operators, purchasers and the Commission can determine the fairness and feasibility of an allocation factor for the pool which employs the factors of deliverability, pressure, or any other factor relating to gas well productivity.

IT IS THEREFORE ORDERED:

That Special Pool Rules applicable to the Eumont Gas Pool, be and the same hereby are promulgated and are as follows:

SPECIAL RULES AND REGULATIONS
FOR THE EUMONT GAS POOL
LEA COUNTY, NEW MEXICO

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

RULE 2. Each well drilled or recompleted within the Eumont Gas Pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys.

RULE 3. Each well drilled within the Eumont Gas Pool shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to a quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 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 recompletion 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, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 5. The provision of Statewide Rule 104 Paragraph (k), shall not apply to the Eumont Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 6. The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont Gas Pool and other relevant data and shall fix the allowable production of the Eumont Gas Pool, and shall allocate production among the gas wells in the Eumont Gas Pool upon a reasonable basis with due regard to correlative rights.

PRORATION UNITS

RULE 7. (a) For the purpose of gas allocation in the Eumont Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or as outlined in Paragraph (b). Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) 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;

1. The non-standard unit consists of less acreage than a standard proration unit.
2. The acreage assigned to the non-standard unit lies wholly within a legal quarter section and contains a well capable of producing gas into a gas transportation facility on the date of this order.

3. The operator receives written consent in the form of waivers from all operators in the adjoining 160 acre proration units.

GAS ALLOCATION

RULE 8. 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 its "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 Eumont 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 9. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from the Eumont Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine 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 tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont 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 supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. 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 bounded 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 at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

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.

RULE 11. 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, 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 12. 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 13. 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 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth 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. 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, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 15. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

RULE 16. 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 connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

PROVIDED FURTHER that those wells located within the defined limits of the Eumont Gas Pool which produce oil and receive an oil allowable on the oil proration schedule shall be prorated as oil wells pending further study and that "preliminary" and "supplemental" nominations, as outlined in Rules 8 and 9 above, shall pertain only to gas wells which are not assigned an oil allowable.

PROVIDED FURTHER that all operators of a gas well shall submit to the Hobbs office of this Commission (Box 2045) on or before January 1, 1954 a copy of either an electric log or sample log of each well (if available) that operate within the defined limits of the Eumont Gas Pool. Attached to each log shall be a detailed report showing well elevation, total depth, plug back depth, depth of production string, interval of perforations and open hole and estimation of formation tops of Yates, Seven Rivers and Queen as indicated by the log. Any operator of any well hereafter completed or recompleted within the defined limits of the Eumont Gas Pool shall also submit to the Hobbs office of the Commission, the logs and information detailed above, within 30 days following such completion or recompletion.

In the event that the Commission deems it advisable to obtain additional information from wells producing outside the defined limits of the Eumont Gas Pool the Secretary of the Commission is hereby authorized to issue a directive to operators in order to obtain the desired information.

PROVIDED FURTHER that as soon as possible a testing procedure for all gas wells shall be adopted by the Commission. Said procedure shall contain adequate tests in order to determine the feasibility of employing any well potential, deliverability or pressure factors in allocating gas.

PROVIDED FURTHER that those operators who desire approval of the Commission of gas-oil dual completions under the provisions of Statewide Rule 112-A should also comply with the provisions of Rules 2, 3 and 4 of this order before approval will be granted.

PROVIDED FURTHER that in order to inaugurate gas prorationing and allocation in the Eumont Gas Pool on January 1, 1954 the Commission shall consider the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each purchaser of gas from the Eumont Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased commencing January 1, 1954. In this instance the list of wells shall pertain solely to those wells which are gas wells and are not on the oil proration schedule.

PROVIDED FURTHER that in the event an operator has a producing well on acreage which does not conform to the provisions of Rule 2 or Rule 7 and an exception to Rule 7 is to be requested of this Commission, the necessary information requested under Rule 12 should be complied with pending Commission action. In this instance the Proration Manager is directed to assign to the well only that acreage attributable to the well lying within the quarter section upon which the well is located. In the event the unorthodox unit is approved after notice and hearing and an increase in total acreage is permitted then the total allowable assigned the well shall be adjusted and made retroactive to the 1st day of the proration period or the 1st day the well produced into a gas transportation facility if the well was not productive prior to January 1, 1954.

PROVIDED FURTHER that copies of Form C-115, Monthly Production Report, submitted in compliance with Rule 14 shall be distributed by the operator as follows: Original to Oil Conservation Commission, Box 871, Santa Fe; two copies to Oil Conservation Commission, Box 2045, Hobbs, New Mexico.

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-370, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

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