CASE 4497: Appli. of TWINLAKES OIL CO. FOR SPECIAL POOL RULES & A NON-STANDARD PRORATION UNIT.

M

1

The second s

:

Carlow H

Number - 25e Application Transcripts. Small Exhibits



PAGE 2

and the second s	
1	MR. CARR: Case 4497 reopened, Application of Twinlakes
2	Oil Company for the reinstatement of pool rules, Chaves County,
3	New Mexico.
4	MR. STEVENS: If the Examiner please, I'm Donald G.
5	Stevens, Attorney from Santa Fe, New Mexico, representing the
6	Applicant. We have one witness to be sworn.
7	MR. UTZ: Are there any other appearances in the case?
8	(No response)
9	MR. UTZ: You may proceed.
10	WILLIAM J. LEMAY
11	appeared as a witness, and after being duly sworn, testified
12	as follows:
13	DIRECT EXAMINATION
14	BY DONALD G. STEVENS:
15	Q Would you state your name, your occupation, residence,
16	please?
17	A My name is William J. LeMay, I am a consulting geologist
18	in Santa Fe, New Mexico.
19	Q Have you testified before the New Mexico Oil Conservation
20	Commission before?
21	A Yes, I have.
22	MR. STEVENS: Mr. Examiner, are the witness' qualifi-
23	cations acceptable?
24	MR. UTZ: Yes, sir.
25	Q (By Mr. Stevens) Mr. LeMay, would you briefly state what

is sought by this application?

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

A Yes. Twinlakes requested that the Commission reinstate the field rules as set out in Order R-4102-A, dated February 8, 1971, which provides for 40-acre oil well spacing in the San Andres formation and 160-acre gas well spacing with a limiting gas-oil ratio of 4,000 to 1. The Applicant seeks reinstatement of this rule with a provision that the gas-oil ratio limitation be reduced to the state-wide 2,000 to 1 limitation.

Now, the purpose of this reinstatement is based upon some new information concerning Twinlakes Oil Company's Well Number CH. This well is located approximately 1980 feet from the South line and 660 feet from the West line of Section 36, 8 South, 28 East. It was originally felt that the well would not produce sufficient gas to require 160-acre spacing. However, it is now determined that the well is capable of producing such gas and that 160-acre spacing for gas wells, with the resultant increase in allowable necessary. Also, communitization agreement covering the West half of the West half of Section 36, which is a CH proration unit, initially approved by the Commission, this is based upon the Commission order and thus the Commission order is necessary to maintain the communitization agreement.

Q Referring to what has been marked as Exhibit No. 1, would

you identify that for the Commission?
A Exhibit No. 1 is a structure map contoured on top of the
PS porosity in the San Andres field. It is also a well
location map and acreage ownership map. This map generally
shows that all the wells are producing or dry holes in the
San Andres, with the exception of the one sole Devonian
producer in the Southwest of the Southwest of Section 1.
This well is a Devonian producer. All other wells shown
as oil wells produced from the field pay, PS of the San
Andres.
Now, the only real gas well in the Twin Lakes field

as defined by the Commission, is the Number 1 CH, as previously mentioned, and this well has a gas-oil ratio in excess of 30,000 to 1. All other wells are considerably below this figure. I might say in analyzing the geology of the field as portrayed in Exhibit No. 1 that the controlling factor for the San Andres production in the field is the sharp Southeast plunging structural nose. The structure contours are not designated as such, but the nose, the high part of the field, is in Section 35, and the plunge of the nose is Southeast so that the falloff is rather rapid in all directions and the highest well in the field is the gas well, the previously mentioned Number 1 CH. Also, there are conflicting factors to the porosity of the PS, being a hydrodynamic condition which

		6
1		result in a tilted oil-water contact and variations
2		in the porosity of the San Andres, which accounts for
3		the variation in the wells.
4	Q	Referring to what has been marked as Exhibit No. 2, would
5		you identify it for the Commission?
6	A	Exhibit No. 2 is a typical set detailed section of San
7		Andres porosity which is type P-1, the upper slaughter
8		porosity. This Citgo State Number 4 Well was rodded 1980
9		feet from the North and West line. Its characteristics are
10		such that you can see on the radioactivity log that there
11		is approximately 40 feet of pay interval. This is one well
12		that has probably more pay than other wells. In other
13		wells, variations occur within this P-l pay interval,
14		but some of the porosity is usually present to produce
15		hydrocarbon.
16	Q	Referring to what has been marked as Exhibit No. 3, would
17		you identify it for the Commission?
18	A	Exhibit No. 3 is well history in the Twin Lakes field and
19		it shows the cumulative production of all the current
20		producing wells in the field. Note the wells in Section 35
21		and Section 2 were high-water cut and this was due to the
22		previously mentioned hydrodynamic condition existing pro-
23		ducing a tilt on the oil-water contact in an East, Southeast
24		direction. So, even though these wells which are plugged
25		out in Section 35 and Section 2 are structurally high

,

1 enough to produce when compared with the wells in Section 2 36, the activated oil-water contact which I mentioned erroneously before as far as the tilt goes, the oil-3 4 water contact is such that on the West end of the field 5 water is encountered at a higher structural elevation than 6 on the East end, and, therefore, the oil-water contact does 7 activate in an East, Southeast direction. The gas-oil 8 ratios compared to the original gas-oil ratios, these were 9 taken last summer and indicated increasing gas-oil ratios 10 in wells near the gas cap, being Wells Number 2, 3, and 5, 11 referring back to Exhibit No. 1. These wells are in close 12 proximity to the gas well and the further away you get from 13 this gas well, which is in the gas cap, the less increase 14 you see in the gas-oil ratios, as exhibited by, say, the 15 O'Brien Number 4, which has not seen any increase in gas-16 oil ratios. 17 The new well, the Number 3 O'Brien in the Northeast of 18 the Northwest, some distance from the gas cap --19 Excuse me, Mr. LeMay, I believe that is the Northeast of 0 20 the Southwest of Section 1, is it not? 21 O'Brien Number 3? Α 22 0 Yes. 23 That's correct. The Northeast of the Southwest of Section Α 24 1. This is some distance from the gas cap and also some 25 distance from older production, and this well recorded virging

1		pressures on drill stem test, being 764 pounds and a ratio
2		of 697 to 1. In conclusion, the Twin Lakes field is an
3		oil field with an associated gas cap as evidenced by the
4		number 1CH and the increasing gas-oil ratio in wells near
5		the gas cap.
6	Q	Mr. LeMay, could you describe a few of the changes in the
7		production history of this State CH Well which warrants
8		reinstatement of the rules for the field?
9	A	Well, the Commission originally established an associated
10		pool, and I think this was correct, the Number 1 CH is in
11		the gas cap, the original pressure on the CH declined from
12		the commencement of production in October, 1971, to 232
13		pounds of cubic pressure and 293 pounds bottomhole pressure
14		taken August 25, 1972. Production since September, 1972,
15		has been reduced. The purpose of this reduction was to
16		allow a build up of bottomhole pressure and to prevent
17		the up-dip migration of oil into the gas cap.
18		As of April 9, 1973, the tubing pressure had risen in
19		the CH to 350 pounds and it is possible that in the future
20		when the pressure increases to a higher point, that produc-
21		tion might be increased sufficiently to justify the allow-
22		able applicable to 160-acre spacing.
23	Q	What is that allowable on 40-acre spacing as opposed to
24		160-acre gas spacing in an associated gas?
25	А	Well, 40-acre spacing on a 80-acre allowable, it would be

	9
1	160,000 cubic feet gas per day. On 160, this would be
2	times 4, which would be 640,000 cubic feet of gas per day.
3	Q Mr. LeMay, in your opinion, will the granting of this
4	application protect correlative rights and help to prevent
5	waste?
6	A Yes. it will.
7	Q Were Exhibits 1 through 3 prepared under your direction?
8	A Yes, sir, they were.
9	MR. STEVENS: Ur. Examiner, I would like to introduce
10	into evidence Exhibits 1 through 3.
11	MR. UTZ: Without objection, Exhibits 1 through 3 will
12	be entered into the record of this case.
13	MR. STEVENS: We have no further questions of the witness.
14	CROSS EXAMINATION
15	BY MR. UTZ:
16	Q This order had expired, an I correct?
17	A That's correct, sir.
18	Q Now, you are asking for reinstatement of the order as it
19	was with a GOR change?
20	A Yes, sir, to the statewide 2,000 to 1.
21	Q What was it originally?
22	A It was listed as 4,000 to 1 initially, and we feel there
23	is no need for this additional provision.
24	Q All you want is the order reinstated at 2,000 to 1?
25	A Correct, classified as an associated pool which it was

	10
1	previously.
2	Q And prorate that one gas well?
3	A To date, only one; maybe in the future more, who knows.
4	MR. UTZ: Are there other questions of the witness?
5	(No response)
6	MR. UTZ: If there are not, the witness may be excused.
7	Are there statements in the case?
8	(No response)
9	MR. UTZ: The case will be taken under advisement.
10	
11	
12	
13	
. 14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
<u></u>	<u>II</u>

1	<u>INDEX</u>		
2	WITNESS		PAGE
3	WILLIAM J. LEMAY		
4	Direct Examination by Mr. Stevens		3
5	Cross Examination by Mr. Utz		8
6	EXHIBITS	Offered) Juni 44 - J
7		Offered 5	Admitted 9
8	Exhibit No. 1 - structure map	J	3
9	Exhibit No. 2 - San Andres porosity detailed section	6	9
10	Exhibit No. 3 - well history	6	9
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
i			<u> </u>

STATE OF NEW MEXICO) ss.) COUNTY OF BERNALILLO) I, JOHN DE LA ROSA, a Certified Shorthand Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill, and ability. Felin De La Kosa CERTIFIED SHORTHAND REPORTER that the foregoing is, New Mexico Oil Conservatio >Examiner Quission



States (1997) Baseline and a state of the states

1 MR. NUTTER: We will call next Case Number 4497. 2 MR. CARR: Case 4497 reopened, in the matter of Case 3 4497 being reopened pursuant to the provisions of Order Number 4 R-4102-A which order established temporary special rules and 5 regulations for the Twin Lakes-Devonian Pool, Chaves County, 6 New Mexico.

7 MR. NUTTER: The Commission has been advised by the 8 only operator in this pool that there would be no appearance 9 made and that the operator had no objection to the pool 10 reverting to the state-wide rule. Therefore, the Examiner will 11 recommend that the special rules for the Twin Lakes-Devonian 12 Pool will be abolished and it will revert the state-wide pool 13 and regulations.

14 STATE OF NEW MEXICO) 15) gs COUNTY OF BEFNALILLO)

I, JOHN DE LA ROSA, a Court Reporter, in and for the 17 County of Bernalillo, State of New Mexico, do hereby certify 18 that the foregoing and attached Transcript of Hearing before 19 the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said 21 proceedings to the best of my knowledge, skill and ability. 22

1 do Lercay eve the feregoing May, 5. 20 1.20 & conficte sec COURT REPORTER 497 Mie Exclusion Я 19 73 heard by

Setun Examiner Yaw Maxiao Oil Conservation Commission

dearnley, meier & mc cormick SIMMS BLDG. F.O. BOX 1092. PHONE 243. 6691 + ALBUQUERQUE, NEW MEXICO 97103 1216 FIRST NATIONAL BANK BLOG. EAST + ALBUQUERQUE, NEW MEXICO 97108 503

16

20

23

24





		PAGE 3
1	[MR. UTZ: Case 4497.
2		MR. HATCH: Case 4497: In the matter of Case 4497
3	being	reopened pursuant to the provisions of Order No. R-4102.
4		MR. STEVENS: With McDennett, Connelly & Stevens
5	repre	senting the applicant, Twin Lakes Oil Company.
б		We have one witness to be sworn.
7		MR. UTZ: Are there any other appearances?
8		The witness will be sworn.
9		H. N. SWEENEY
10	a with	ness, having been first duly sworn according to law, upon
11	his o	ath, testified as follows:
12		DIRECT EXAMINATION
13	BY MR	STEVENS
14	Q	Could you state your name and occupation and your
15		association with the applicant in this case?
16	A	I am H. N. Sweeney, Geologist and President of Twin Lakes
17		Oil Company.
18	Q	Have you previously to lified before the New Mexico Oil
19		Conservation Commission and had your qualifications accepted
20	A	Yes.
21	þ	Will you accept the witness' qualifications?
22		MR. UTZ: Yes.
21 22 23 24	0 (Ву	Mr. Stevens) Could you state briefly what the purpose of
24		this hearing is and the annual history say since the last
25		hearing we had on this case?

dearnley-meier

		PAGE 4
	1 A	The hearing is the review of the special rules for the
	2	Twin Lakes-San Andres Field, involving primarily 4,000 to
	3	1 GOR, which was, we asked for a year ago to permit us to
	4	produce gas economically from the gas cap with the aim of
	5	reducing the GOR's in our oil wells and prevent the
	6	continued expansion of the gas cap.
	70	Within this past year, could you briefly summarize what has
	8	been done in accordance with these rules which were
	9	granted last year as far as physical equipment is concerned
	10 A	We have put the gas well on production, one additional well
	11	on production.
	12	We have built the pipeline from Twin Lakes to a site
	13	in the Dakota Field and have installed a compressor, and
	14	are taking and delivering gas from the Field.
	15 ^Q	When did you start the production of gas from the Field?
	16 ^A	In the last week of October, '71.
	17 0	So basically you have got three months production under
	18	the rules which are granted last year?
	19 ^A	Right.
	20 O	Last February, I believe.
2 X B L 0 0	21	According to what has been marked as Exhibit 1, would
NATIONAL BANK	22	you explain it to the Commission?
Z 	23 A	Oh, this is a structure map showing the location of the
FIRST NAT	24	wells and the general structure of the Field, showing the
-	25	gas cap and the oil rim with the reversal to the west.

		PAGES
	1	The Field is undefined to the north.
	2 0	The purpose of this exhibit is principally to give
	3	reference as to the position of the wells which you will
	4	discuss individually?
	5 A	Yes.
	6 Q	Referring to what has been marked as Exhibit No. 2, would
	7	you discuss it and refer to the Exhibit No. 1 for the
	8	purposes of identification?
	9 A	It is a tabulation of GCR's from initial completion of the
	10	producing wells in the Field, and in general it shows a
	11	gradually increasing GOR through the history of the wells,
VENTIONS 87103	12	and somewhat erratic oil production, although actually the
VICO 87	13	oil production has been, if anything, increasing, due in
ALY COPY, NEW MEX1 87108	14	part to putting some of the flowing wells on the pump.
TESTIMONY, DAILY COPY, CONVENTIONS Querque, New Mexico 87103 Ew Mexico 87108	15	At the present time we have just two wells still
	16	flowing in the Field and they probably should be put on the
, EXPERI V • ALBI Roue, 1	17	pump.
EMENTS, 243-669 8000E1	18 Q	Noting the gas-oil ratios of the various wells and compar-
IGS, STAT PHONE (ST + ALI	19	ing them with the structural position of the wells on your
DEPOSITIONS, HEARINGS, STATEMENTS, 5:• 2.0. Box 1002 • PHONE 243-669 L BANK BLDG. EAST • ALBUQUER	20	structure map in Exhibit A, is there an absolute
O. BOX	21	correlation between the gas-oil ratio and structural
	22	position, or are there variations from what would be a nor
LIZING I AMS BL NATIO	23 A	I think in general the State 2 and 3 are the two highest
SPECIAL 209 SIA	24	and the CO-2, which is a special case, those two of the
	25	high wells are the ones with the highest GOR's, and while

PAGE G the last GOR's which were taken, oh, just last week, I 1 believe, within the last couple of weeks, show a continuing 2 increase in general and in the COR's, I think that the 3 program actually hasn't been in effect long enough to 4 produce positive results. 5 It will probably take another year to show what is 6 happening here. 7 Was it your intention by this program to produce gas, one, Q 8 to save gas being flared, but, two, to produce gas from 9 the State CM, the northwest quarter of the southwest 10 quarter--northwest, southwest quarter of Section 36, was 11 it the intention by the taking of the gas from what is 12 243-0691+ALBUQUERQUE, NEW MEXICO 87103 Buduerque, New Mexico 87108 principally a gas well to prevent the encroachment of gas, 13 the gas cap into the oil wells? 14 Yes. 15 You have not had sufficient time on production to determine 16 whether this has any effect; is that correct? QUE, 17

That is right.

dearnley-meier 🗧

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTION

EASTAALBUQUER

BOX 1092 • PHONE . K BLDG. EAST • ALE

205 SIMMS BLDG. 17.0. 7 FIRST NATIONAL FIANK

18

19

20

21

22

23

24

25

Is it your opinion that it would be in the best interest of conservation to continue this hearing and these rules for another year in order to determine if said gas cap expansion can be decreased?

Definitely.

Do you have any other information for the Examiner concerning these two exhibits?

1 Y don't believe so. MR. STEVENS: We have no further questions, Mr. 2 Examiner, 3 CROSS-EXAMINATION BY MR. UTZ 5 Mr. Sweeney, did I understand you to say that neither of Ð 6 the gas wells had been connected? 7 No, the gas, the one gas well, the C-2 in Section 1, 8 northwest, northwest of Section 1 has been somewhat 9 erratic. 10 It was put on production just last April, I believe, 11 and in that particular well it was originally completed, 12 200 SIMMS BLDG. • P.O. BOX 1002 • PHONE 243-6681 • ALBUQUERQUE. NEW MEXICO \$7103 First national Dank Bldg. East • Albuquerque, new Mexico \$7108 both in our production zone, where the other wells are 13 producing from, and from a lower zone which carries water 14 in this area, and I am just not real sure what is happening 15 in that well. It hasn't performed as we expected. 16 We have a pump on it and it hasn't acted as a gas well 17 but it appears the water is going down and oil production 18 is going up just within the last three weeks. The one gas 19 well, the State CH in Section 36, which we are producing. 20 What kind of production are you getting out of that well? 21 At the moment it is running about 4,000 cubic feet per day. 22 Our tuck pressures have dropped somewhat since we 23 started producing, and I am inclined to think that the well 24 tends to load up with fluid and probably would need swabbing 25

.)

dearnley-meier 🕾

SPECIALIZING IN: DEPOSITIOMS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

page7

PAGE to regain maximum production, but I just don't know whether 1 we have actually reduced pressures or not. 2 Cur last bottom-hole pressures were run, oh, prior to 3 the time we started producing the gas, and they had shown 4 relatively small drop from the pressures that were taken 5 about two years previously. 6 It has been something like a hundred pounds, a little 7 more than that, about 120 pounds pressure drop in the Field 8 since it was completed since the initial discovery well. 9 You have both gas wells connected and producing? 10 Yes. 11 Where are you marketing the gas? SPECIALIZING INE DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 12 209 SIMMS ØLDG.+ P.O. BOX 1092+PHONE 243-6691+ALBUQUERQUE. NËW MËXICO 67103 First national Bank Blog. East+Albuquerque, nëw mëxico 87108 Cities Service is taking the gas at a point on their 13 Gathering System in the Dakota Field. 14 Now, as I recall your temporary order, it requires you to 15 return a 2,000 to 1 until connections; am I correct? 16 That is right. 17 And you have all of your wells connected now? 18 No, there are three wells which haven't been connected as 19 ີ yet, but will be within the next month or so. 20 So, in effect, you are producing the pool under a 4,000 21 COR rule? 22 Yes. The only west well that would actually make any 23 difference is the gas well, and that not at the present 24 time, but I think production, it is capable of making more 25

dearnley-meier 📰

PAGE 9 1 gas than we are actually producing at the moment. 2 That is producing against our pipeline pressure of 3 approximately 135 pounds, and we could make more gas from 4 the gas well by running it through our compressor, rather 2 5 than directly in the pipeline. dearnley-meier 🕬 6 I didn't hear this case the last time and I haven't read 0 7 the transcript. I presume that you explained your theory rather well 8 9 in the transcript, but I would like to ask you at this time: 10 Isn't this a little bit contrary to the usual theory of 11 producing a gas cap first? DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 12 A I don't think so, from strictly an economic situation, the 209 SIMMS BLDG.(+ 2.0, BOX 1092+PHONE 243+6401+ALBUQUERQUE, NEW MEXICO 87103 First national Bank Bldg. East+Albuquerque, NEW Mexico 87108 13 oil here is much more valuable than the gas, and it is 14 apparently as we are reducing the pressures in the oil 15 wells, the gas cap is expanding and is producing the GOR's --have been greatly increasing in the oil wells then as a 16 17 result, and we have no market for the gas. 18 For a number of reasons it is comparatively a small 19 volume. It is sour gas, runs about 7 CO2 and H2S, it is difficult to find anybody that would take it. The nearest 20 21 sour gas plant is 45 miles away. What per cent is it? 22 0 SPECIALIZING IN 17 per cent. 23 A Co?? 24 Q 25 A Yes.

		······	FAGE 10
	1	0	And H ₂ 0?
(⁻	2	A	Yes.
	3	Q	Sour gas?
	4	A	Yes.
ی به این این	5	Q	I gather it is your opinion then that the control of the
х. 15, - 3 10 — 1	6		gas cap should continue?
Spike Marine	7	A	Yes.
BIBU	8	Q	Well, then I gather it is your opinion that by partially
ey-	9		depleting the gas cap you are removing more oil?
llearnley-meier	10	A	I think so. Actually we have seen no harmful effect since
8	11		we started producing the gas, and I expect it to show
IVENTIONS 87103	12		beneficial results from producing the gas from the gas cap.
TESTIMONY, DAILY COPY, CONVENTIONS Querque, New México 87103 Ew México 87108	13		That gas, as that gas expands, it tends to drive the oil
MILY COP1 NEW ME3 87108	14		down the structure away from our bore holes, and the
DAY, DAI	15		economics aren't such that we can keep drilling wells to
TESTIMO	16		produce that migrated oil.
EXPERT 1.● A LBU KQUR, N	17		A very good example of what has been happening, I
TEMENTS, 243-0691 80.QUER	18		think, is the Obrien-A, which is in the northwest of
KINGS, STATI S • PHONE ; E A S T • AL E	19		northeast Section 1.
HEARINGS 1092 + PT	20		If you will look at the GOR's on that one well, that
SITIONS, O. BOX NK BLD	21		well was originally completed on pump. The pump initially
41 DEFO	22		pumping potential of ten barrels a day, and virtually no
SPECIALIZING IN. DEPOSITIONS, HEARINGS, STATEMENTS, EXPE 20º Simms BLDG., PJ.O. BOX 1092+PHONE 243-9691+AL First National Piank BLDG. East+ALBUQUERQUE.	23		gas.
SPECIAL 209 Sin First	24		The production has been just virtually steady at that
	25		rate through the years and oh, about a year ago we started

PAGE 11 making more gas and more oil in that well. t That is the lowest well that we are producing in, 2 incidentally, and the farthest away from the gas cap, and 3 now it is producing an appreciable amount of gas and the 4 oil production is actually up from what it was initially. 5 Q Well, the gas is channeling to the well, then, I presume 6 pushing the oil aside? 7 It has been fairly uniform in all of the wells, the Α 8 increase. 9 You have control of the lower part of the structure, too? 0 10 A Yes. 11 If there is no other operators in the Field, you produce 0 12 this by drilling wells along the lower structure and 13 letting the gas sweep the oil to the wells? 14 Α It would require additional wells, we can't accomplish the 15 same thing by lowering the pressures in the gas cap. 16 Q You aren't going to have to drill some more wells, anyway? 17 Α No. 18 What about to the north? 0 19 Α To the north where it isn't defined on the west side we 20 have an entirely different situation. 21 My personal opinion, the principal trap is on the 22 down dip side of that gas cap. Now we have the oil trap 23 against a wrinkle there on the down dip side of the 24 structure.

SPECIALIZING IN: DE.<mark>sositions, hearings, statements, expert testimony, daily copy, conventions</mark> 200 simms bildg., J.G. Box 1002.0Phone, 2**13-6691.0 lbuquerque. New mexico 67103** First national Bank Blog. East-Albuqu<mark>erque, new mexico 67108</mark>

25

dearnley-meier serve

	1	There have been several wells drilled on the west side
	2	of the structure which were actually higher than the wells
	3	that we are producing on the east side, and they have been
	4	non-commercial, produced an excessive amount of water.
	5	Q So these wells in Section 2 and the one well in Section 35,
	6	southeast guarter, were dry?
		A Yes, they produced a small amount of oil and a great deal
	7	of, amount of water.
	8	MR. UTZ: Are there any other questions of the witness
	9	MR. STEVENS: At this time we would like to introduce
	10	Exhibits 1 and 2 into evidence.
	11	
ERT TESTIMONY, DAILY COPY, CONVENTIONS Louguerque, New Mexico 87103 E. New Mexico 87108	12	MR. UTZ: They will be admitted.
ALY COPY, CONVENTI NEW MEXICO 87103 87108	13	Thank you.
1LY COP 4EW ME 7108	14	
ONY, DA Que. 7 Xico e	15	
ект теstimony, d . . Ведеевдее. ., New Mexico	16	
	17	
RINGS, STATEMENTS, EXP 2 • PHONE 245-6691 • A East • Al Buquerqu	18	
6, 57ATE 40NE 2 7 • ALB	19	
CARING 092 - PI	20	
• OSITIONS, HEA P.O. BOX 109 3ANK BLDG.	21	
DE •051	22	
S BLDG A TIONA	23	
SPECIALIZING IN. DE*OSITIONS, HEARINGS, STATEMENTS, EXP 200 Simms Blad., P.O. Box 1092.0000E 243.6631.4 First national Jank Blog. East Albuquerqu	24	
8 N L	24	
	23	

PAGE 12

PAGE 13 1 STATE OF NEW MEXICO)) ss. 2 COUNTY OF BERNALILLO) 3 I, RICHARD STURGES, a Certified Shorthand Reporter, in and 4 for the County of Bernalillo, State of New Mexico, do hereby 2 5 dearnley-meier sager certify that the foregoing and attached Transcript of Hearing 6 before the New Mexico Oil Conservation Commission was reported 7 by me; and that the same is a true and correct record of the 8 said proceedings to the best of my knowledge, skill and ability 9 10 11 CERTIFIED SHORTHAND REPORTER SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 12 209 SIMMS ULDG..e P.O. BOX 1002.0PHONE 243-66010ALBUQUERQUE. NEW MEXICO 67103 First national Bank Bldg. East-Albuquerquque. New Mexico 67108 13 14 15 16 17 18 19 20 21 22 A CONTRACT OF A PLAN AND A CONTRACT TO and the second of a water and the second of the 44 23 24 a Masico 611 Convervation Commissio 25

PAGE 14



COPY, CONVENTIONS	BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico February 3, 1971
B SELVICE, IRC. Ements, expert restimony, daily • Alduquerque, new mexico	EXAMINER HEARING
LEDOLLIN 8. hearings, stat 1.• mone 243 4491	IN THE MATTER OF: Application of Twinlakes Oil Company) Case No. 4497 for special pool rules and a non- standard proration unit, Chaves County,) New Mexico.
dearnley-meigr reportin specializing in depositions, hearings, stat 200 simus adda, • P.O. KOX 1002 • MONE 243-4491	BEFORE: Daniel S. Nutter, Examiner
	TRANSCE IPT OF HEAR ING
ΘE	

MR, NUTTER: We will call the next case, 4497. 1 2 MR, HATCH: Case 4497, Application of Twinlakes 3 Oil Company for special pool rules and a nonstandard proration unit, Chaves County, New Mexico. 4 5 MR. H. N. SWEENEY: Mr. Examiner, our attorney, 6 Don Stevens, is in court this morning. Could we continue 7 this after lunch? 8 MR. NUTTER: Yes, sir. We'll call Case 4497 after 9 the lunch recess. 10 (Whereupon, at approximately 1:12 o'clock p.m., the following 11 proceedings were held.) SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 12 1. ALBUQUERQUE. NEW MEXICO 87103 RQUE, NEW MEXICO 87108 MR. NUTTER: Everybody ready? The hearing will 13 come to order, please. The first case this afternoon will 14 be 4497. 15 MR. HATCH: Case 4497, Application of Twinlakes 16 Oil Company for special pool rulles and a nonstandard proration 17 unit, Chaves County, New Mexico. 1052 • PHONE 243-6691 DG. EAST • ALBUQUER 18 MR. STEVENS: Mr. Examiner, I am Donald Stevens 19 with the firm of McDermott, Connelly and Stevens representing 20 the Applicant Twinlakes 0il Company. We have one witness to BOX 21 be sworn, Mr. H. N. Sweeney. MMS BLDG. . . O. 22 (Witness sworn.) 23

dearnley-meier

000 511

24

25

(Applicant's Exhibits 1 through 6, inclusive, were marked for identification.)

2

PAGE

3 PAGE

	1	H. N. SWFENEY					
	2						
	3						
	4						
	5						
EXPERT TESTIMONY, DAILY COPY, CONVENTIONS • Albuquerque, New Mexico 87103 que, New Mexico 87138	6	0 Mr. Sweeney, would you tell us your occupation and					
	7	your association with Twinlakes Oil Company.					
	8	A I am the geologist and President of Twinlakes Oil					
	9	Company.					
	10	0 Have you previously testified before the Oil					
	11	Conservation Commission?					
	12	A Yes.					
	13	MR. STEVENS: Are the witness's qualifications					
	14	acceptable?					
	15	MR. NUTTER: Yes, sir, they are.					
ERT TESTIMONY, E Leuquerque, e, new mexico	16	O Could you take what's been marked as Exhibit Number					
	17	l and tell us what it contains. Déscribe it for us.					
ТЕМЕNTS, 1 243-6691 В U Q U E R	18	A It shows the area of the Twinlakes San Andres					
5, 31АТ 240NE ; 51 • ALE	19	field, and with the area what we consider to be a gas cap					
1092 - F	20	in the pink, the oil rim on predominantly the basin side,					
	21	the east side of the gas cap, and the general structure.					
	22	It also has outlined in yellow, the acreage which					
JECHALIZING IN DEFUSITIONS, REAKINGS, STAT 199 Simms BLDG, P.O. BOX 1092 PHONE FIRST NATIONAL JANK BLDG, EASTAAL	23	we control, and the line of cross-section that's Exhibit 3.					
209 SIA 209 SIA FIRST	24	I'd like to point out that the field is pretty well					
	25	defined except to the north, and it appears that what we're					

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

~•

. . .

ur t

and the second

a and a second sec

ł,

dearnley-meier regreese

PAGE Λ dealing here with is a gas can reservoir with the trapping 1 mechanism consisting of the oil being trapped on the basin 2 side of the gas cap with a rather thin oil around. 3 It just happened that the oil wells were drilled 4 first. 5 0 Excuse me. Let me interrupt, Mr. Sweeney. I 6 forgot to ask you, and would you please explain what Twinlakes 7 dearnley-meier seeks in this application? It might lay a little groundwork 8 here. 9 Α We want special rules for the field that permits 10 us to produce enough gas from those two gas wells in the 11 SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS gas cap to make a pipeline feasible and, at the same time, 12 NEW MEXICO 87103 87108 enable us to balance the pressures to some extent between 13 the gas cap and the oil rim. 14 There's evidence that the G.O.R.'s are increasing K 1092•PHONE 243-6591•ALBUQUERQUE, .DG. EAST•ALBUQUERQUE, NEW MEX'CO 15 in the oil rim, that we're getting an invasion from the gas 16 cap, and it would actually benefit our oil production, 17 I think, to start taking gas from the gas cap. 18 Back to Exhibit 1 then, could you explain the 0 19 remainder of the exhibit. 20 BOX B I think that just about covers it unless you want А 21 BLDG. P.O. B FIONAL BANK to go into that cross-section. That line of cross-section 22 NATIONAL bears out the Exhibit 3, and we've got the logs of four wells 23 SIMMS 200 S showing the west reversal. 24 0 Let me ask you some questions about Exhibit 1, 25

1.1.4

		PAGE 5
	1	however. The red line on the $W/2$ of the $W/2$ of Section 36,
	2	could vou explain its significance.
	3	A That outlines the 160 acres which we ask special
DESTIMONY, DAILY COPY, CONVENTIONS QUERQUE. NEW MÉXICO 87103 EW MEXICO 87103	4	spacing for the gas well, the State CH located in the NW of the
	5	SW.
	6	That is the only 160-acre tract that we can allocate
	7	to that well as a gas well remaining in that $W/2$ of the section.
	8	The acreage is all held of record by Cities Service
	9	and we have completed the Communitization Agreement which has
	10	been signed by Cities Service and is in the process of being
	11	signed by the Land Office.
	12	0 In your opinion, is the $W/2 W/2$ of Section 36
	13	underlain by gas?
	14	A I think so.
IY, DAILY COI JE. NEW MI	15	Q Could you explain the significance of the dashed
STIMONY JERQUI	16	line along the west side in Sections 26 and 35.
	17	A That marks the presumed western limit. It hadn't
EMENTS, EXPES 243-6691 • AL 1 - OUERQUE	•	been defined precisely on the west side of the gas cap, but
		due to the nature of the trap, the oil appears to be trapped
RINGS, STAT 2 • PHONE E AST • AL		on entirely the east side of here and an area of the
1 1045, HEAR 11 Box 1092 (K Bldg. E.	20	reversal on the west side. There's been two wells drilled which
ЕР 051Т10 9.0.8 В АNK	21	were high wells but made water, an excessive amount of water
ING IN: DE: Budd. Tional I	22	which indicated a tilted water table. We don't have a constant
	23	water table in there at all. The water table seems to dip to
SPECIA 209 SH FIRST	24	
	25	the east, the down dip side.

• •

		PAGE 6
	1	0 The dashed line then to the east in Section 36
	2	and Section 1 confirms the east side water table as
ę	3	contrasted with the west side?
	4	A It appears to.
	5	9 And the dashed line between the red and the green
ine fa Basis Anno an Anno an	6	lines, what does that signify?
š.	7	A That's the transition zone between your gas cap
neie	8	and vour oil rim.
dearnley-meier 🛛	9	0 Basically, a transition gas/oil contact?
arn	10	A Right.
це Ц	11	O Could vou tell us the pressures basically in
NTIONS 103	12	most of the fields originally?
7, CONVE	13	A We took bottom hole pressures in one well shortly
TESTIMONY, DAILY COPY, CONVENTIONS	14	after it was completed, and that was at the Citgo State 2
ער אס סאל, שאי	00 15	in the NE SW of Section 36, and then again, last fall
	[₩] × 16	I believe, after approximately thirty thousand barrels of
EX7589 1 • A E	и. Во 17	oil had been produced and a considerable amount of gas. This
TEMENTS , 2×3-060	[≌] ∂ 18	is a high G.O.R. well.
165, 51AT PHONE	19 IS	0 Was that Number 2 or 3?
HEARIN	v u aa	A Three, I believe. It's the second well drilled.
POSITIONS, HEA	¹ ⁸ ² ¹ ¹ ¹ ¹ ¹	And there had been initial pressures on 72-hour shut-in with
И. ОЕРО 06.0-Р.		762 pounds, and last fall, it was 699, and then about a
- 19 SWV	01 - 23	sixty point pressure drop.
SPECIAL	15HI 24	0 What does that indicate to you as a geologist?
	25	A I would say that the pressures are being maintained

~~~

PAGE 7

1 from expansion of the gas cap.

0 What is the drive mechanism in this field?

A Gas cap expansion.

2

3

6 Referring now to Exhibit Number 2, would you explain
5 its significance to us before you get to the cross-section,
6 Exhibit 3.

7 A Yeah. Exhibit 2 is a log of our high well in the
8 field, the State CH which was originally drilled by Cities
9 Service and which we accuired from them. And that's been
10 shut-in since completion because it makes a large amount of
11 gas, practically dry gas.

12 There's very little fluid produced with that well 13 and what fluid it does make is produced in the form of a heavy 14 emulsion of water and oil, which will just barely flow.

There's about, oh, a maximum rate of flow. I think 15 we got about eight barrels of flow a day of fluid out of 16 that. And we found, on about three separate occasions when 17 we've opened the wells to test it, and it takes about a month 18 for that well to clean up after we get it kicked off, but 19 it gradually increases the tubing pressures and, actually, 20 last fall, we flowed it for about a month to see what it 21 would do. At the end of the period, we tested actual flow of 22 three and a half million on a half-inch choke from that well. 23 Q Could you describe the pay thickness in that well 24 and in the field and the porosity ordinarily found in the 25

, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS K 1002. PP ONE 243-0091. ALBUQUERQUE, NEW MEXICO 87103 DG. EAST ALBUQUERQUE, NEW MEXICO 87103

DEPOSITIONS, HEARINGS,

SPECIALIZING INI

209 SIMMS BLDC. - 2.0. BOX FIRST NATIONAL BANK BLC

|                                                                                    | 1  | field?                                                         |
|------------------------------------------------------------------------------------|----|----------------------------------------------------------------|
|                                                                                    | 2  | A That particular well has about forty feet, about             |
| 4                                                                                  | 3  | eight percent porosity, and that one, or two other wells, has  |
|                                                                                    |    |                                                                |
|                                                                                    | 4  | a little more. I'd say twenty-five to thirty feet is an        |
| -1                                                                                 | 5  | average thickness. This is fracked, buggy porosity with        |
| с<br>1.<br>С. Р. с.<br>Хол, с.                                                     | 6  | irregular permeabilities, so it doesn't act as a homogenous    |
|                                                                                    | 7  | reservoir.                                                     |
| meie                                                                               | 8  | O What formation is that; in what zone?                        |
| ey-                                                                                | 9  | A It's primarily the P-2 Zone. It's the San Andres             |
| dearnley-meier                                                                     | 10 | Slaughter Zone.                                                |
| це                                                                                 | 11 | 0 Could you describe the character of the oil in the           |
| IVENTIONS<br>87103                                                                 | 12 | field?                                                         |
| TESTIMONY, DAILY COPY, CONVENTIONS<br>Querque, New Mexico 87103<br>Ew Mexico 87108 | 13 | A It's 24 gravity and it is typical San Andres oil             |
| <b>AILY COPY</b><br>New Me)<br>87108                                               | 14 | which emulsifies very easily with almost any form fluid.       |
| <b>жоич, da</b> i<br>Rque, z<br>Exico 8:                                           | 15 | O Referring then to Exhibit 3, the cross-section,              |
|                                                                                    | 16 | would you explain its significance to the Commission.          |
| EXPERAT<br>CALERAT<br>CALERAT                                                      | 17 | A It shows four wells in a west to east direction              |
| <b>5747EMENTS</b> ,<br><b>6747EMENTS</b> ,<br>• A L B ∪ Q ∪ E R                    | 18 | across the axis of the field with the porositv marked in red,  |
|                                                                                    |    | and it shows quite plainly the west reversal of the axis       |
| IN: DEPOSITIONS, HEARINGS,<br>LDG. 9-20. BOX 1092-6FH<br>2NAL 11ANK BLDG, EAHT     | 20 | which is actually, in that country, guite rare to have a       |
| SITIONS,<br>0. BOX<br>NK BLI                                                       | 21 | reversal in the San Andres.                                    |
| M: DE20051<br>DG.● >.0.<br>NAL BAN                                                 | 22 | We are dealing with a definite structure and I                 |
| ALIZING IN: DI<br>Imme Blog.                                                       | 23 | think there's a probable closure to the north, but it actually |
| SPECIALIZING<br>209 SIMMS BI                                                       |    | hasn't been pinned down.                                       |
|                                                                                    | 25 | 0 Exhibit 4, the table of production, would you describe       |
1 that for the Commission.

This shows the cumulative production of the wells to Α 2 the first of the year. Production in November, which you can 3 see, is guite marginal, and it indicated increase in the 4 G.O.R.'s from the time the wells were completed, and we haven't 5 actually taken gauges but there's evidence in the last two or 6 three months that there has been an increase in the G.O.R.'s 7 in our two high oil wells, two and three. Well, it hasn't 8 affected the oil production to a great extent. As a matter of 9 fact, we are making more oil now than we have in some time 10 due to some minor changes in the well, nothing drastic, but 11 it appears that the gas has gone up materially. 12 What is the disposition of that gas? 0 13 We have been working two years to obtain a market Α 14 for the gas, and this is sour gas with approximately seventeen 15 percent sour gas content. That's H2S and CO2 which limits the 16 market, and the nearest gasoline plant which treats our gas is 17 forty-five miles away. And our efforts have boiled down to two 18 alternatives; and as of now, we propose to sell the gas to 19 Cities Service at their gathering system at Cato which we'll 20 deliver to them approximately nine miles away, but they have 21

informed us that they will buy the gas if we will build the

field to halfway pay for the pipeline.

pipeline and deliver it to them. And we have made arrangements

to do that, provided we can produce sufficient volume from the

G,

PAGE

SPECIALIZING INI DEFOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 209 Simms Bldg., F.O. Box 1092, Phone 243-0691, Albuquerque, New Mexico 87103 First National Eank Bldg. East-Albuquerque, New Mexico 87108

22

23

24

25

ilearniev-meiei

PAGE 10

This four thousand to one gas/oil ratio that is  $\cap$ 1 being requested --2 3 А Yes. -- could you explain its possible effect upon the 0 4 reservoir? 5 Actually, our two best oil wells are running in excess Α 6 of two thousand to one thousand. But I don't think it would 7 dearnley-meier affect those oil wells at all because our oil production isn't 8 sufficient for the limiting gas/oil ratio to affect this, but I 0 actually think that with invasion of the gas cap, that it's 10 actually preventing the oil coming into the bore hole, that 11 CONVENTIONS we're losing oil production by the fact that the expansion of 12 NEW MEXICO 87103 87108 the gas cap is preventing, is hampering our oil production and 13 EXPERT TESTIMONY, DAILY COPY, that it will probably produce more oil if we can arrive at and 14 108 maintain optimum balance between the gas cap and the oil rim. I . ALBUQUERQUE. 15 Is the four thousand gas/oil ratio, necessary to 0 16 establish initial amounts of gas necessary, sufficient to build 17 243-6691 BUQUER STATEMENTS. the pipeline? 18 BOX 1092 + PHONE А Yes. 19 HEARINGS, Would you be able to build the pipeline if the gas/oil 0 20 DEPOSITIONS, ratio were less than four thousand? 21 ° XX SIMMS BLDG. P Λ No, it wouldn't have enough volume to support the 22 SPECIALIZING IN pipeline. 23  $\mathbf{O}$ In the future, if you determine that four thousand to 209 S F1851 24 one was having a deleterious effect upon the reservoir, what 25

1 4

1

17

24

1 9

÷ .

PAGE 11

|                                    |                                         | 1  | plans would you have in that event?                               |
|------------------------------------|-----------------------------------------|----|-------------------------------------------------------------------|
|                                    |                                         | 2  | A Well, our idea is to get an optimum balance, and if             |
| dearnley-meier reported and a      |                                         | 3  | we're reducing the pressures too severely in the oil rim and      |
|                                    |                                         | 4  | lowering our production, then we'd have to cut back in the        |
|                                    |                                         | 5  | gas cap, but I don't think we would. I think the oil produc-      |
|                                    |                                         | 6  | tion could be helped by lowering the pressures in the gas cap.    |
|                                    |                                         | 7  | 0 Is it your opinion that that interim period, while              |
| leier                              |                                         | 8  | you are lowering the gas/oil ratios by taking from the gas cap,   |
| ŋ-₩                                |                                         | 9  | that this would enable you to build the pipeline if you had       |
| arnle                              |                                         | 10 | to cut back later, you could still maintain the pipeline?         |
| de:                                |                                         | 11 | A I think we could.                                               |
| <b>ENTIONS</b>                     | 103                                     | 12 | O Referring to what's been marked as Exhibit 5, would             |
| CONVEN                             | 87                                      | 13 | you explain that to the Commission.                               |
| Y COPY,                            | NEW MEXICO<br>87108                     | 14 | A That is a copy of the Communitization Agreement cover-          |
| TESTIMONY, DAILY COPY, CONVENTIONS | 1 - N - N - N - N - N - N - N - N - N - | 15 | ing the $W/2$ $W/2$ of Section 36 which has been signed by Cities |
|                                    |                                         | 16 | Service and is in the process of being signed by the Land Office. |
| EXPERT                             |                                         | 17 | 0 Could vou explain                                               |
| STATEMENTS, I                      |                                         | 18 | A Communitizing the 160 acres which we asked the                  |
| s, state                           | :+PHONE 2<br>EA5T +ALB                  | 19 | special spacing for.                                              |
| HEARIN'SS,                         | 1092 + H                                | 20 | 0 Would vou explain Exhibit 6, the proposed rules                 |
| NS,                                | с х<br>Ц Х                              | 21 | for the field for the Commission.                                 |
|                                    | AL BANK                                 | 22 | A These are, as you will find, patterned after the                |
| SPECIALIZING IN                    | SIMMS BLDC                              | 23 | special field rules for the North Paduka-Delaware and cover       |
| SPECIAL                            | PON SIM                                 | 24 | about the same provisions on it. It provides for 160-             |
|                                    |                                         | 25 | acre spacing for gas wells, and forty acres for oil wells,        |

.

.

----

.

| PAGE | 12 |
|------|----|
|      |    |

|                                                         | 1  | and, oh, in general, normal spacing of wells and with the       |
|---------------------------------------------------------|----|-----------------------------------------------------------------|
|                                                         | 2  | provision that any well with G.O.R. in excess or,               |
|                                                         | 3  | gas/liquid ratio in excess of 30,000 be classified as a gas     |
|                                                         | 4  | well, and a limitation of G.O.R. of 4000 to one.                |
|                                                         | 5  | And I think, in general, we propose semi-annual                 |
| •<br>•<br>•<br>•                                        | 6  | reports. Actually, when we start selling the gas and put        |
| Carlos<br>Xillar                                        | 7  | meters on these wells, we'll have, visually, a constant         |
|                                                         | 8  | check on our gas production from the wells which we don't now.  |
| ey-n                                                    | 9  | I mean, it's just periodic gauging of the gas, and it           |
| dearnley-meie                                           | 10 | is something, since we have the entire field, that we can watch |
|                                                         | 11 | real closely and try to get the maximum economic benefit out    |
| • • • • • • • • • • • • • • • • • • •                   | 12 | of the field.                                                   |
| DAILY COPY, CONVENTION<br>NEW MEXICO 87103              | 13 | 0 Could you expand upon the gas well allowables as              |
| <b>AILY COPY, CO</b><br>NEW MEXICO<br>87108             | 14 | set out in the rules?                                           |
|                                                         | 15 | A We propose that the gas wells get an allowable of             |
|                                                         | 16 | a number of acres dedicated to the gas well divided by forty    |
| × EXPERT<br>1. ALBU                                     | 17 | times the limiting gas/oil ratio times the base allowable.      |
|                                                         | 18 | 0 Were Exhibits 1 through 6 prepared by you or under            |
| tings, state<br>?●Phone 2<br>east • Alb                 | 19 | your direction?                                                 |
| 16 A RING<br>1092 € P:<br>6. E A S                      | 20 | A Yes.                                                          |
| <b>OSITIONS, HEARI</b><br>O. BOX 1092 •<br>ANK 9LDG, E. | 21 | MR. STEVENS: At this point, Mr. Examiner, we'd                  |
| · • • • •                                               | 22 | like to move the introduction of Exhibits 1 through 6 and ask   |
| LIZING IN DI<br>MMS BLDG.                               | 23 | that they be admitted into evidence.                            |
| SPECIALIZIA<br>209 SIMMS                                | 24 | MR. NUTTER: Applicant's 1 through 6 will be                     |
| S N E                                                   | 25 | admitted into evidence. Exhibit 6 is the proposed rules, right? |

.

· · ·

والمناحية والمسالك

|                                                                                |             | PAGE 13                                                            |  |  |  |  |  |  |  |
|--------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------|--|--|--|--|--|--|--|
|                                                                                | 1           | MP. STEVENS: Yes. We have no further questions.                    |  |  |  |  |  |  |  |
|                                                                                | 2           | (Whereupon, Applicant's Exhibits<br>1 through 6 were duly admitted |  |  |  |  |  |  |  |
|                                                                                | 3           | into evidence.)                                                    |  |  |  |  |  |  |  |
|                                                                                | 4           | CROSS EXAMINATION                                                  |  |  |  |  |  |  |  |
|                                                                                | 5           | BY MR. NUTTER:                                                     |  |  |  |  |  |  |  |
| · <b>.</b>                                                                     | 6           | 0 Mr. Sweenev, it appears from your tabulation here                |  |  |  |  |  |  |  |
|                                                                                | 7           | on Exhibit 4 that your Citgo A-2 and 3 both were originally        |  |  |  |  |  |  |  |
|                                                                                | 8           | completed with relatively low ratios, but that they both have      |  |  |  |  |  |  |  |
|                                                                                | 9           | high ratios at the present time, is this correct?                  |  |  |  |  |  |  |  |
|                                                                                | 10          | A Yes. Well, we'll sav 1300 is a fairly high ratio                 |  |  |  |  |  |  |  |
| 2                                                                              | 11          | for San Andres.                                                    |  |  |  |  |  |  |  |
| 171 <b>045</b><br>03                                                           | 12          | 0 Yes. One was 1395 and the                                        |  |  |  |  |  |  |  |
| <b>PY, CONVENTI</b><br>EXICO 87103                                             | 13          | A They have increased.                                             |  |  |  |  |  |  |  |
| ESTIMONY, DAILY COPY, CONVENTIONS<br>Unerque, New Mexico 87103<br>Mexico 87103 | <u>s</u> 14 | 0 But they are low with respect to what they are now?              |  |  |  |  |  |  |  |
| INONY, DAIL<br>Rque, Ne<br>Rexico 87                                           | 15          | A Yes.                                                             |  |  |  |  |  |  |  |
| – <b>0</b> h                                                                   | 16          | Q You attribute this increase to the expansion of                  |  |  |  |  |  |  |  |
| EXPERT '<br>I • ALEVO'<br>Foue: Ni                                             | ,           | the gas cap and the possibility that the gas/oil contact           |  |  |  |  |  |  |  |
|                                                                                | <b>18</b>   | is approaching the perforations in these wells?                    |  |  |  |  |  |  |  |
| 465, 57 ATE<br>Phone 2<br>Ast - Alb                                            | )           | A I think that's correct.                                          |  |  |  |  |  |  |  |
| IEARI)<br>1092 -<br>6. E.                                                      | 20          | 0 Now, do you anticipate that increasing withdrawals               |  |  |  |  |  |  |  |
| ATIONS, H                                                                      | 21          | from the gas cap will cause the G.O.R.'s to go down in these       |  |  |  |  |  |  |  |
|                                                                                | 22          | wells or will it remain                                            |  |  |  |  |  |  |  |
| LIZING INI<br>MMS BLDO<br>NATIONA                                              | 23          | A Actually, I would expect it to. Actually, I think                |  |  |  |  |  |  |  |
| SPECIALIZING INI<br>203 SIMMS BLDC                                             | 24          | by lowering pressures in that gas cap, I think that we should      |  |  |  |  |  |  |  |
| -                                                                              | 25          | get more oil at the well bore.                                     |  |  |  |  |  |  |  |

dearnley-meier

.

.

....

. ē

÷

|                                                                                                         |    | PAGE 11                                                      |
|---------------------------------------------------------------------------------------------------------|----|--------------------------------------------------------------|
|                                                                                                         | 1  | O Do vou anticipate drilling any other wells in the          |
|                                                                                                         | 2  | gas cap; for example, in the NE/4 of Section 35, in the      |
| i,                                                                                                      | 3  | pink area on your exhibit?                                   |
|                                                                                                         | 4  | A Yeah. Well, not immediately. I mean, we've made            |
| · · · · · · · · · · · · · · · · · · ·                                                                   | 5  | no immediate plans, and we have, oh, comparatively new       |
| нції<br>і і<br>цаві і і і і і і і і і і і і і і і і і і                                                 | 6  | leases there where we are not forced to do any drilling, and |
| ц.<br>Ц                                                                                                 | 7  | we wouldn't, until we know more about what the situation is. |
| leier                                                                                                   | 8  | And I think the only way we're going to find out is to       |
| By - N                                                                                                  | 9  | produce that gas.                                            |
| arnley-meie                                                                                             | 10 | O What is this well that's in the NW NW of Section           |
| ា ពីព                                                                                                   | 11 | l there? It's indicated as an oil well with stars on         |
| . 5701 g                                                                                                | 12 | it.                                                          |
|                                                                                                         | 13 | A That is the gas well that makes some oil. The              |
| ан <b>с сор</b> у, сор<br>New Mexico<br>87108                                                           | 14 | last test, I think, ran something like 800,000 a day and     |
|                                                                                                         | 15 | about 20 barrels of oil.                                     |
| ESTIMONY, D<br>UERQUE,<br>MEXICO                                                                        | 16 | Q Is that well shown on your Exhibit Number 4?               |
| EXPERT TES<br>to Alatiqu<br>to ale to a                                                                 | 17 | A No Yes. Yes, it is, too. The O'Brien C-2.                  |
|                                                                                                         | 18 | It shows 65,000 to one and has cumulative produc-            |
| 14116111111111111111111111111111111111                                                                  | 19 | tion of 455 harrels, but it's been shut-in practically ever  |
| RINGS, S<br>E P H O<br>E A S T •                                                                        | -  | since completion due to that high G.O.R.                     |
| DEPOSITIONS, HEARINGS, STATEMENTS,<br>3. F.O. BOX 1002.0 PHONE 243-609<br>1. BANK BLDG. EAST • ALBUQUE! | 20 | 0 Now, the Twinlakes CH-1 on Exhibit 4, the last             |
| POSITIO                                                                                                 | 21 |                                                              |
| <b>6 1N1 DE</b><br>5 1N1 DE                                                                             | 22 | well there which shows the current estimated G.O.R. of       |
| SPECIALIZING IN:<br>209 SIMMS BLDC                                                                      | 23 | 120,000, is that the gas well                                |
| SPECIAL<br>209 SIA                                                                                      | 24 | A Yes.                                                       |
|                                                                                                         | 25 | 0 in vour nonstandard gas unit?                              |

-

....

| PAGE 15 |
|---------|
|---------|

|                                                                                                                                   | 1           | Λ Yes.                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------|
|                                                                                                                                   | 2           | 0 And where is the other one, the Cities Service            |
|                                                                                                                                   | <b>3</b> CH | -1?                                                         |
| · · · · · · · · · · · · · · · · · · ·                                                                                             | 4           | A That's it. I mean, we acquired that well from             |
|                                                                                                                                   | 5   Ci      | ties Service. It is now                                     |
| -1<br>                                                                                                                            | 6           | 0 Oh. This would be the same well then on the two           |
| , · · · ,                                                                                                                         | 7   li      | nes?                                                        |
| dearnley-meie                                                                                                                     | 8           | A Right.                                                    |
| - <b>B</b>                                                                                                                        | 9           | 0 Once, it's shown as the Cities Service.                   |
|                                                                                                                                   | 0           | A Well, I hadn't noticed that. That's an error.             |
|                                                                                                                                   | 1           | 0 And then it drops down to the other line.                 |
|                                                                                                                                   | 2           | MR. STEVENS: At the time of the original oil/gas            |
| CONVENTIONS                                                                                                                       | 3 ra        | tio, it was the same well.                                  |
| TESTIMONY, DAILY COPY, CONVENTIO<br>Querroue, New Mexico 67103<br>Ew Mexico 87103                                                 | 4           | O But it is the same well. I was looking for                |
| עריי<br>ג' סיי<br>ני זערי<br>ג' סיי                                                                                               | 5 an        | other well there.                                           |
| <b>Теstimonv, d</b><br>Jou е я я и и и и и и и и и и и и и и и и и                                                                | 6           | Well, is it your plans, Mr. Sweeney, that in                |
| י ביר<br>מים ג<br>שור ש<br>תיר 1                                                                                                  | 7 th        | e event you build this pipeline to connect the Twinlakes    |
|                                                                                                                                   | 8 CH        | I-1 and also the casinghead gas, and then what would you do |
| 🖌 ພ ມັ                                                                                                                            | e wi        | th this well that we were just discussing in the NW NW of   |
| , НЕАКІНС<br>(- 1982 - Р. С. | n Se        | ection 1? Would that also be connected?                     |
|                                                                                                                                   | 1           | A Yes.                                                      |
|                                                                                                                                   | 2           | O So, in effect, you'd have two gas wells producing.        |
| LIZING IN<br>NAMS BLON<br>NAMS BLON                                                                                               | 23          | A And plus the gas from our Twinlakes Devonian              |
| 5 <b>5</b>                                                                                                                        | 4 fi        | leld there in the SM SW. It makes about 150,000 a day       |
|                                                                                                                                   | 25 of       | f gas. It would also go in the pipeline.                    |
|                                                                                                                                   |             |                                                             |

ţ

|            | page 16                                                                |
|------------|------------------------------------------------------------------------|
| 0          | That one well in the SW SW of Section 1?                               |
| Λ          | Yes. It's the Lower Devonian.                                          |
| n          | But what you would propose as of now would be to                       |
| produce t  | he two wells as gas wells, put that gas in the                         |
| line and,  | also, you'd have casinghead gas from your oil wells?                   |
| л          | Yes.                                                                   |
| ç          | What would you expect the total volume of produced                     |
| gas would  | be under this 4,000-to-one ratio?                                      |
| А          | Oh, approximately two million a day.                                   |
| 0          | Two million a day. All right. And how much of                          |
| it would ? | be casinghead gas and how much of it would be                          |
| gas well   |                                                                        |
| A          | Approximately eighty percent would be the two gas                      |
| wells and  | twenty percent would be casinghead gas.                                |
| ò          | Now, I missed that percentage of H <sub>2</sub> S that you             |
| mentioned  | •                                                                      |
| А          | H <sub>2</sub> S runs one percent. CO <sub>2</sub> runs around sixteen |

percent. 

So the combined total is "sixteen" percent?

Ò. Or, seventeen.

Yes.

Α

dearnley-meier

SPECIALIZING IN: DEFOSITIONS, HEARINGS, STATEMENTS, EXPER'T TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLOG, # P.O. BOX 1092 #PHONE 243-0691#ALBUQUERQUE, NEW MEXICO 87103 FIRST NATIONAL BANK BLDG, EAST#ALBUQUERQUE, 4EW MEXICO 87108

Ä Seventeen. We have offered a wellhead price of that gas for eight and three-guarter cents and plus transportation charge for delivering it to Cato. 

- Now, your CH-1, the gas well, does it make any liquids

PAGE 17

|                            | 1                    | at all?                                                                                                                                                                                    |  |  |  |  |  |  |
|----------------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|
|                            | 2                    | A About Very little.                                                                                                                                                                       |  |  |  |  |  |  |
|                            | 3                    | 0 What kind of liquid does it make?                                                                                                                                                        |  |  |  |  |  |  |
|                            | 4                    | A Emulsion of oil and water.                                                                                                                                                               |  |  |  |  |  |  |
|                            | 5                    | 0 Is it black oil and water?                                                                                                                                                               |  |  |  |  |  |  |
|                            | 6                    | A Yes. It makes just enough water to form a heavy                                                                                                                                          |  |  |  |  |  |  |
|                            | 7                    | emulsion, with a turbulence from the gas mixing that little                                                                                                                                |  |  |  |  |  |  |
|                            | 8                    | bit of oil and little bit of water.                                                                                                                                                        |  |  |  |  |  |  |
|                            | 9                    | 0 It's like black oil rather than a condensate?                                                                                                                                            |  |  |  |  |  |  |
|                            | 10                   | A Right. It's oil. There's no condensate and that                                                                                                                                          |  |  |  |  |  |  |
|                            | 11                   | San Andres gas is quite dry. From that gas well, it runs                                                                                                                                   |  |  |  |  |  |  |
| 1                          | 12                   | about a gallon and a half.                                                                                                                                                                 |  |  |  |  |  |  |
|                            | 13                   | 0 Now, you mentioned that you drilled two wells on                                                                                                                                         |  |  |  |  |  |  |
| W MEXI<br>08               | 14                   | the west side of this field which were high, but made water.                                                                                                                               |  |  |  |  |  |  |
|                            | 15                   | Would that be this one that is shown in Section 35?                                                                                                                                        |  |  |  |  |  |  |
| N<br>N<br>N                | 16                   | A Yes. Cities Service actually drilled that well.                                                                                                                                          |  |  |  |  |  |  |
| ч<br>1<br>1<br>1<br>1<br>1 | 17                   | O The top of the one would be at 1401                                                                                                                                                      |  |  |  |  |  |  |
| 100 E R                    | 18                   | A Right.                                                                                                                                                                                   |  |  |  |  |  |  |
| T • ALB                    | 19                   | 0 in Section 35? And then down in Section 2, the                                                                                                                                           |  |  |  |  |  |  |
| G, EAS                     | 20                   | well with the top shown as being 1402?                                                                                                                                                     |  |  |  |  |  |  |
| BLG                        | 21                   | A Nell, the one, 1402, is shut-in. But the third                                                                                                                                           |  |  |  |  |  |  |
| ALEA                       | 22                   | one plus 1383, the E-1, has been plugged. Both of those                                                                                                                                    |  |  |  |  |  |  |
| NOLESZ                     | ا<br>د ا             | wells have been plugged and, if you'll notice, they are both                                                                                                                               |  |  |  |  |  |  |
| FIRST I                    | 24                   | higher or are in the range of our O'Brien $\lambda$ -1.                                                                                                                                    |  |  |  |  |  |  |
|                            | 25                   | 0 I can't tell what that is. Is that a 1329 on that                                                                                                                                        |  |  |  |  |  |  |
|                            | G, EAST ALBUQUERQUE, | 2<br>3<br>4<br>5<br>6<br>7<br>8<br>9<br>10<br>11<br>12<br>13<br>14<br>15<br>16<br>17<br>18<br>10<br>11<br>12<br>13<br>14<br>15<br>16<br>17<br>18<br>19<br>20<br>21<br>21<br>22<br>24<br>24 |  |  |  |  |  |  |

dearniey-meier

÷

|                                                                                                                                                 | 1  | C'Brien?                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----|---------------------------------------------------------------|
|                                                                                                                                                 | 2  | λ Yes.                                                        |
| ÷                                                                                                                                               | 3  | 0 It is marked out with the dotted line on this               |
|                                                                                                                                                 | 4  | exhibit.                                                      |
| 1997)<br>1997 - Star                                                                                                                            | 5  | A It's 1392.                                                  |
|                                                                                                                                                 | 6  | 0 So both of those wells would be higher than that            |
| C (1 - 1<br>3                                                                                                                                   | 7  | well?                                                         |
| meie                                                                                                                                            | 8  | A One of them would.                                          |
| dearnley-meier 🕫                                                                                                                                | 9  | 0 And they were both water productive?                        |
| ar n                                                                                                                                            | 10 | A Right.                                                      |
| de                                                                                                                                              | 11 | 0 Mr. Sweeney, you are aware of a Commission policy           |
| IVENTIONS<br>87103                                                                                                                              | 12 | established over a long period of time in which they have     |
| TESTIMONY, DAILY COPY, CONVENTIONS<br>Querque, New Mexico 87103<br>ew Mexico 87108                                                              | 13 | been reluctant to increase the G.O.R. for any pool until      |
| <b>AILY COPY, CON</b><br>NEW MEXICO<br>87108                                                                                                    | 14 | such time as casinghead gas connections, or gas well          |
| STIMONY, DAI<br>JERQUE, N                                                                                                                       | 15 | connections have been made in the pool, aren't you?           |
|                                                                                                                                                 | 16 | A I wasn't familiar; but in this case, we can't get           |
| EXPER''<br>1● A L B J<br>10 A L B J                                                                                                             | 17 | a connection until we do get our increase.                    |
|                                                                                                                                                 | 18 | 0 Well, if you had an order which, in effect, approved        |
| 5, 57AT1<br>25, 57AT1<br>24 one 2<br>57 € ALB                                                                                                   | 19 | your application here and said that the G.O.R. would increase |
| HEARING:<br>1092 • Ph                                                                                                                           | 20 | at such time as you had connections, you could go ahead and   |
| <mark>sitions,</mark><br>D. вох<br>NK в L                                                                                                       | 21 | build your pipeline based on that?                            |
| 4, DEPOSIT<br>DG P.O.                                                                                                                           | 22 | A Right. It wouldn't make any difference until we             |
| SPECIALIZING IN: DEFOSITIONS, HEARINGS, STATEMENTS,<br>209 Simms BLDG.0 IV.O. BOX 10020PHONE 243-069<br>5.RST NATIONAL BANK BLDG. EAST*ALBUQUEI | 23 | started selling the gas.                                      |
| SPECIAL<br>209 SIA                                                                                                                              | 24 | 0 It would be a tentative G.O.R. increase to wait             |
|                                                                                                                                                 | 25 | until vou got vour connections?                               |

All Carto

and the second second

**PAGE** 19

|                                         | 1  | A Right.                                                     |
|-----------------------------------------|----|--------------------------------------------------------------|
|                                         | 2  | MR. NUTTER: Are there any other questions of Mr.             |
|                                         | 3  | Sweeney? He may be excused.                                  |
|                                         | 4  | MR. STEVENS: I may ask him one question for your             |
|                                         | 5  | benefit: Would it be agreeable with you if the Commission    |
|                                         | 6  | so desired to have this order if it were ordered to be on a  |
|                                         | 7  | one-year basis, only, to be reviewed next year?              |
|                                         | 8  | THE WITNESS: Certainly. I mean, we expect to                 |
|                                         | 9  | maintain continuous review of the situation.                 |
|                                         | 10 | MR. NUTTER: We, in all probability, would establish          |
|                                         | 11 | these rules on a temporary basis.                            |
|                                         | 12 | If there's no further questions, the witness may             |
|                                         | 13 | be excused. Do you have anything further, Mr. Stevens?       |
| 87108                                   | 14 | MR. STEVENS: None.                                           |
|                                         | 15 | MR. NUTTER: Does anyone have anything they wish to           |
| QUE, NEW MEXICO                         | 16 | offer in Case Number 4497? We'll take the case under advise- |
| ERQUE.                                  | 17 | ment and the hearing is adjourned.                           |
|                                         | 18 |                                                              |
| AS   • AI                               | 19 |                                                              |
| וב<br>פי<br>ב                           | 20 |                                                              |
| FIRST NATIONAL BANK BLOG. EAST ALBUQUEN | 21 |                                                              |
|                                         | 22 |                                                              |
| TANT                                    | 23 |                                                              |
| 5 X 1 7                                 | 24 |                                                              |
|                                         | 25 |                                                              |

dearnley-meier region SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERIT TESTIMONY, DAILY COPY, CONVENTIONS

2

~

•

+÷₹ ; •

4 4 1

. 1 1 F

: 2

.

.

20 PAGE

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | •  | ĨNI                        | ר ד <u>א</u> |                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------|--------------|-------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1  |                            | <u>D E X</u> |                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2  | WITNESS                    |              | PAGE                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3  | H. N. SWEENEY              |              |                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4  | Direct Examination by M    | 3            |                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5  | Cross Examination by Mr    | . Nutter     | 13                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6  |                            |              |                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 7  |                            |              |                         |
| 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 8  |                            |              |                         |
| <b>-</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 9  |                            |              |                         |
| near merer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 10 |                            |              |                         |
| Pan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 11 |                            |              |                         |
| 8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 10 |                            |              |                         |
| TESTIMONY, DAILY COPY, CONVENTIONS<br>Querque, Mexico 87103<br>Ew Mexico 87108                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 13 | EXHIBIT                    | MARKED       | OFFERED AND<br>ADMITTED |
| Y COFY,<br>W MEX<br>08                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 14 | Applicant's Exhibits 1 - 6 | 2            | 13                      |
| I <b>Y, DAIL</b><br>Je, Pie<br>Co 871                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 15 |                            |              |                         |
| ESTIMON<br>CEROL<br>W MRX                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 16 |                            |              |                         |
| EXPERT TESTIMONY, D<br>• A L D QUER QUE,<br>QUE, NEW MEXICO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 17 |                            |              |                         |
| :NTS, EX<br>-6691●<br>DUERO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 18 |                            |              |                         |
| TATEME<br>N E 243<br>A E B U Q                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 19 |                            |              |                         |
| <b>Rings, 5</b><br>2.ерно<br>€аsт.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 19 |                            |              |                         |
| NS, HEA<br>0 X 109<br>9 L 0 G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 20 |                            |              |                         |
| FOSITIO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 21 |                            |              |                         |
| NIN DE<br>No de | 22 |                            |              |                         |
| SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, I<br>209 Simms BLOC., P.O., BOX 1092, PHONE 243-6691<br>First National Frank BLOS. East-Albuquer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 23 |                            |              |                         |
| 5PECI<br>209 5<br>71857                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 24 |                            |              |                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 25 |                            |              |                         |

. .

1.4 ķ

1.2

1.8 ł

٤, , ,

21 PAGE

|                                                                                                                                                    | 1  | STATE OF NEW MEXICO )                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------------------------------------------------------------|
|                                                                                                                                                    | 2  | ) SS<br>COUNTY OF BERNALILLO )                                                   |
|                                                                                                                                                    | 3  | I, CHARLOTTE J. MACIAS, Court Reporter in and for the                            |
| · · · · ·                                                                                                                                          | 4  | County of Bernalillo, State of New Mexico, do hereby certify                     |
|                                                                                                                                                    | 5  | that the foregoing and attached Transcript of Hearing before                     |
| т.<br>А.<br>Дания                                                                                                                                  | 6  | the New Mexico 0il Conservation Commission was reported by                       |
| а., 12<br>Х<br>Вала                                                                                                                                | 7  | me and that the same is a true and correct record of the said                    |
| neie                                                                                                                                               | 8  | proceedings, to the best of my knowledge, skill and ability.                     |
| dearnley-meier                                                                                                                                     | 9  | AL                                                                               |
| arnl                                                                                                                                               | 10 | Autothe Macas                                                                    |
| de                                                                                                                                                 | 11 | Court Reporter                                                                   |
| IVENTIONS<br>87103                                                                                                                                 | 12 |                                                                                  |
| COPY, CONVE<br>Mexico 87                                                                                                                           | 13 |                                                                                  |
| TESTIMONY, DAILY COPY, CONVENTIONS<br>Iquerque, 1 - W Mexico 87103<br>Ew Mexico 87108                                                              | 14 |                                                                                  |
| ОНҮ, DAI<br>2 (6. 1<br>X (со 8)                                                                                                                    | 15 |                                                                                  |
|                                                                                                                                                    | 16 |                                                                                  |
| EXPE:<br>• Ati<br>oue.                                                                                                                             | 17 |                                                                                  |
| EMENTS,<br>243-669<br>Buouer                                                                                                                       | 18 |                                                                                  |
| 65, 57AT<br>0 HONE<br>51 • AL                                                                                                                      | 19 |                                                                                  |
| HEARIN<br>1092.01<br>DG. EA                                                                                                                        | 20 |                                                                                  |
| SITIONS,<br>O. BOX                                                                                                                                 | 21 |                                                                                  |
| IN: DEPC                                                                                                                                           | 22 | i do norchy survicy that the Section is<br>a product sector of the sector of the |
| SZECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, I<br>1092 Simms Bldg P.O. Box 1092 - Phone 243-6691<br>1183 Thattonal Iaank Bldg. East-Albudue | 23 | $\frac{4497}{100}$                                                               |
| SPECU<br>200 SI<br>FIRST                                                                                                                           | 24 | Juins The Mor                                                                    |
|                                                                                                                                                    | 25 | New Mentes Oil Conservation Constition                                           |

1.00



# **OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501

May 21, 1973

GOVERNOR BRUCE KING CHAIRMAN

LAND CONMISSIONER ALEX J. ARMIJO MEMBER

STATE GEOLOGIST A. L. PORTER, JR. SECRETARY - DIRECTOR

Mr. Donald G. Stevens Attorney at Law Post Office Box 1797

Santa Fe, New Mexico

Re: Case No. 4965 & 4497 Order No. <u>R-4530 & R-4102-D</u> Applicant:

Read & Stevens & (OCC) Twinlakes)

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours, torter Co a.L.C

A. L. PORTER, Jr. Secretary-Director

ALP/ir

Copy of order also sent to:

| Hobbs OCC   | x |
|-------------|---|
| Artesia OCC | x |
|             |   |

Aztec OCC\_\_\_\_\_

Other

# 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. 4497 Order No. R-4102-D

IN THE MATTER OF CASE 4497 BEING REOPENED TO RECONSIDER SPECIAL RULES AND REGULATIONS FOR THE TWIN LAKES-SAN ANDRES POOL, CHAVES COUNTY, NEW MEXICO, WHICH WERE ORIGINALLY PROMULGATED BY ORDER NO. R-4102.

## ORDER OF THE COMMISSION

# BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 11, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this <u>17th</u> day of May, 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 due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4102-A, dated February 8, 1972, the temporary Special Rules and Regulations promulgated by Order No. R-4102, dated February 10, 1971, for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, designating the pool as an "associated" reservoir with a gas well-oil well classification gas-oil ratio of 30,000 to one and a limiting gas-oil ratio of 4,000 to one, were extended for an additional period of one year.

(3) That pursuant to the provisions of Order No. R-4102-A, this case was reopened in February, 1973, to allow the operators in the subject pool to appear and show cause why the Twin Lakes-San Andres Pool Rules should not be abolished and why the limiting gas-oil ratio should not be reduced to 2,000 to one.

(4) That no operator in the subject pool appeared at the February, 1973, hearing to show cause why the special rules for the subject pool should be continued in effect. -2-Case No. 4497 Order No. R-4102-D

(5) That as a result of said hearing, Orders No. R-4102-B and R-4102-C were issued which abolished the temporary special rules and regulations promulgated by Order No. R-4102 and extended by Order No. R-4102-A.

(6) That the applicant, Twinlakes Oil Company, seeks the reinstatement of special pool rules and regulations for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, as promulgated in Order No. R~4102, but with a limiting gas-oil ratio of 2,000 to one.

(7) That the reservoir characteristics of the subject pool presently justify the establishment of a gas-oil ratio of 2,000 cubic feet of gas per barrel of liquid hydrocarbons.

(8) That the special rules and regulations promulgated in Order No. R-4102 should be reinstated for the subject pool with a limiting gas-oil ratio of 2,000 to one in order to prevent economic loss and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the Twin Lakes-San Andres Pool, promulgated by Orders No. R-4102, and R-4102-A are hereby reinstated in full force and effect until further order of the Commission.

(2) That Rule 6 of said Rules shall be amended to read as follows:

RULE 6. That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced.

(3) That jurisdiction of this cause is 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.



SEAL

dr/

STATE OF NEW MEXICO 071 C( SERVATION COMMISSION L r. R. TRUJILLO, Chairman 1:11 ARMIIQ, Member Jr., Member & Secretary

Care 4497 Kegur & 41-11-73 Rea . 4-24-73 R-4102 Sec. Rakes icinetation. instead of the 4800:1 AOR prisent or der Malo 6. Pia 6 the

# 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. 4497 Order No. R-4102

APPLICATION OF TWINLAKES OIL COMPANY FOR SPECIAL POOL RULES AND A NON-STANDARD PRORATION UNIT, CHAVES COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 3, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <sup>10th</sup> day of February, 1971, 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 due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Twinlakes Oil Company, seeks the promulgation of special rules and regulations for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, including provisions for the classification of oil and gas wells, 40-acre spacing for oil wells, 160-acre spacing for gas wells, and a limiting gas-oil ratio of 4000 to one.

(3) That while the Twin Lakes-San Andres Pool is presently classified as an oil pool, the evidence adduced indicates that it is in fact an "associated" reservoir.

(4) That the reservoir characteristics of the subject pool indicate that the gas area can be efficiently and economically

-2-CASE No. 4497 Order No. R-4102

drained and developed on 160-acre spacing, and that the oil area can be efficiently and economically drained and developed on 40-acre spacing.

(5) That the reservoir characteristics of the subject pool presently available justify the definition of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(6) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons.

(7) That temporary special rules and regulations providing for 160-acre gas well spacing and 40-acre oil well spacing should be promulgated for the subject pool in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(8) That the temporary special rules and regulations should provide for the classification of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons and should provide for a gas-liquid ratio of 2000 cubic feet of gas per barrel of liquid hydrocarbons until such time as the pool has gas gathering and transportation facilities, and thereafter a limiting gas-oil ratio of 4000 to 1, in order to afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil or gas, or both, and for this purpose to use his just and equitable share of the reservoir energy.

(9) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

(10) That this case should be reopened in February, 1972, at which time the operators in the subject pool should be required to establish that a gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons will effectively maintain the gas-oil contact in the subject pool, and that the special fules and regulations should be continued in effect. -3-CASE No. 4497 Order No. R-4102

(11) That the applicant further seeks approval of a 160-acre non-standard gas spacing unit in the Twin Lakes-San Andres Pool comprising the W/2 W/2 of Section 36, Township 8 South, Range 28 East, NNPN, Chaves County, New Mexico, to be dedicated to its State "CH" Well No. 1, located in Unit L of said Section 36.

(12) That the proposed non-standard gas spacing unit should be approved.

#### IT IS THEREFORE ORDERED:

That, effective the date of this order, temporary Special Rules and Regulations for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, are hereby promulgated as follows:

# SPECIAL RULES AND REGULATIONS FOR THE TWIN LAKES-SAN ANDRES POOL

<u>RULE 1</u>. Each well completed or recompleted in the Twin Lakes-San Andres Pool or in the San Andres formation within one mile thereof, and not nearer to or within the limits of another designated San Andres pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

<u>RULE 2. (a)</u> Each gas well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 2. (b) Each oil well shall be located on a standard unit containing 40 acres, more or less, consisting of a governmental quarter-quarter section.

<u>RULE 3.</u> The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 (a) without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of guarter-quarter

-4-CASE No. 4497 Order No. R-4102

sections or lots that are contiguous by a common bordering side.

- (b) The non-standard unit lies wholly within a governmental quarter section and contains less acreage than a standard unit.
- (c) 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 the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lisu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well, oil or gas, shall be located no nearer than 330 feet to any guarter-guarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of a guarter-guarter section.

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

<u>RULE 6.</u> That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced until such time as there are in operation in the pool gas gathering and transportation facilities, and thereafter the limiting gas-oil ratio shall be 4000 cubic feet of gas for each barrel of oil produced.

RULE 7. An oil well which has 40 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying -5-CASE No. 4497 Order No. R-4102

the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a 160-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

<u>RULE 8.</u> The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gam-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. Gas-liquid ratio tests shall be taken on all wells during the months of January and July of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gasliquid ratio tests, each operator shall file with the Artesia Office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with -6-CASE No. 4497 Order No. R-4102

the procedures outlined hereinabove, including notification to the Commission and offset operators.

<u>RULE 10.</u> An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

<u>RULE 11</u>. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the Commission's Artesia Office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's Artesia Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load cil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

<u>RULE 12.</u> Balancing dates shall be 7 o'clock a.m. January the first and 7 o'clock a.m. July the first, and the periods of time bounded by these dates shall be gas provation periods.

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas promation period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in -7-CASE No. 4497 Order No. R-4102

during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

<u>RULE 16.</u> The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in detarmining the amount of overproduction, if any, which has not been compensated for.

<u>RULE 17</u>. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

<u>RULE 18.</u> The monthly gas production from each gas 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 produced gas.

<u>RULE 19.</u> Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the oil proration schedule.

<u>RULE 20.</u> Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Sacretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

<u>RULE 21.</u> All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such tost was reported, -8-CASE No. 4497 Order No. R-4102

provided that a plat (Form C-102) showing the acreage dedicated to the wall and the location of all wells on the dedicated acreage has been filed.

#### IT IS FURTHER ORDERED:

(1) That a 160-acre non-standard gas spacing unit comprising the W/2 W/2 of Section 36, Township 8 South, Range 28 East, NMPM, Twin Lakes-San Andres Pool, Chaves County, New Mexico, is hereby approved and dedicated to the Twin Lakes Oil Company State "CH" Well No. 1, located in Unit L of said Section 36.

(2) That the locations of all wells presently drilling to or completed in the Twin Lakes-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before March 1, 1971.

(3) That all operators shall, prior to March 1, 1971, file with the Commission Form C-102 for each well showing the acreage dedicated to the well.

(4) That all operators shall take new gns-oil ratio tests on all wells and file the results thereof with the Commission on Form C-116 prior to April 1, 1971; That the daily tolerance provision of Commission Rule 502 I is hereby waived for the purpose of testing wells at the allowable rate authorized by these rules.

(5) That this case shall be reopened at an examiner hearing in February, 1972, at which time the operators in the subject pool shall show cause why the gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by this order should not be discontinued.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary. -9-CASE No. 4497 Order No. R-4102

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

.

Salahan Salahan

STATE OF NEW NEXICO OIL CONSERVATION COMMISSION

in r. 5.1

BRUCE KING, Chairman

. : Elf me mil ALEX J. ARMIJO, Member Ŷ

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

esr/

## 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. 4497 Order No. R-4102-A

IN THE NATTER OF CASE 4497 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4102, WHICH ORDER ESTABLISHED SPECIAL RULES AND REGU-LATIONS FOR THE TWIN LAKES-SAN ANDRES POOL, CHAVES COUNTY, NEW MEXICO.

## ORDER OF THE COMMISSION

# BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 2, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Uts.

NOW, on this <u>8th</u> day of February, 1972, 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 due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4102, dated February 10, 1971, temporary Special Rules and Regulations were promulgated for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, including provisions for 40-acre spacing for oil wells, 160acre spacing for gas wells, and a limiting gas-oil ratio of 4,000 to one.

(3) That pursuant to the provisions of Order No. R-4102, this case was reopened to allow the operators in the subject pool to show cause why the gas-liquid ratio limitation of 4,000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by said order should not be discontinued. -2-CASE NO. 4497 Order No. R-4102-A

(4) That the evidence presently available is insufficient to establish that the special rules and regulations for the Twin Lakes-San Andres Pool should be continued permanently.

(5) That the evidence presently available is insufficient to establish that the gas-liquid ratio limitation of 4,000 to one should be continued permanently.

(6) That the temporary Special Rules and Regulations for the Twin Lakes-San Andres Pool and the gas-liquid ratio limitation of 4,000 to one, promulgated by Order No. R-4102, should be continued in effect for an additional one-year period in order to allow the operators in the pool time to gather additional information concerning reservoir characteristics of the pool.

(7) That this case should be reopened at an examiner hearing in February, 1973, at which time the operators in the subject pool should appear and show cause why the gas-liquid ratio limitation of 4,000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated for the Twin Lakes-San Andres Pool should not be discontinued.

#### IT IS THEREFORE ORDERED:

(1) That the temporary Special Rules and Regulations for the Twin Lakes-San Andres Pool, promulgated by Order No. R-4102, are hereby continued in full force and effect for an additional one-year period.

(2) That this case shall be reopened at an examiner hearing in February, 1973, at which time the operators in the subject pool shall show cause why the gas-liquid ratio limitation of 4,000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by this order should not be discontinued.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary. -3-CASE NO. 4497 Order No. R-4102-A

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



SEAL

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

KING Cha

ALEX J. ARMIJO, Member

h. Parter,

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

# dr/

### 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. 4497 Order No. R-4102-B

IN THE MATTER OF CASE 4497 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4102-A WHICH ORDER ESTABLISHED TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE TWIN LAKES-DEVONIAN POOL, CHAVES COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 14, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>21st</u> day of February, 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 due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4102-A, dated February 8, 1972, the temporary Special Rules and Regulations promulgated by Order No. R-4102, dated February 10, 1971, for the Twin Lakes-Devonian Pool, Chaves County, New Mexico, establishing the gas-liquid ratio of 4000 to one and establishing 00-acre spacing units for a period of one year, were extended for an additional period of one year.

(3) That pursuant to the provisions of Order No. R-4102-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the Twin Lakes-Devonian Pool gas-liquid ratio of 4000 to one should not be reduced and why the Twin Lakes-Devonian Pool should not be developed on 40-acre spacing units.

(4) That no operator in the subject pool appeared to show cause why the Twin Lakes-Devonian Pool should not be developed on 40-acre spacing units.

-2-Case No. 4497 Order No. R-4102-B

(5) That it is not known at this time whether additional wells will be completed in the subject pool.

(6) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 80 acres.

(7) That the Special Rules and Regulations promulgated by Order No. R-4102 and extended by Order No. R-4102-A should be abolished.

# IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Twin Lakes-Devonian Pool, Chaves County, New Mexico, promulgated by Order No. R-4102 and extended by Order No. R-4102-A, are hereby abolished.

(2) That jurisdiction of this cause is 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

x ne RUCE-KING, Chairman

ALEX J. ARMIJO, Member

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

SEAL

dr/

Examiner Hearing - Wednesday - April 11, 1973 -4Docket No. 10-73

# CASE 4497: (Reopened)

Application of Twinlakes Oil Company for the reinstatement of pool rules, Chaves County, New Mexico. Applicant, in the abovestyled cause, seeks the reinstatement of the special pool rules for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, as promulgated by Order No. R-4102, provided however, that the limiting gas-oil ratio would be 2000 to one.

Application of Texas West 011 & Gas Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks approval for the unorthodox location of its State "2" Com Well No. 1 at a point 2310 feet from the North line and 660 feet from the West line of Section 2, Township 24 South, Range 34 East, Antelope Ridge-Atoka Gas Pool extension, Lea County, New Mexico, the N/2 of said Section 2 being dedicated to the well.

CASE 4942:

CASE 4943: Application of M. W. Staples for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce oil from his Vanderventer Well No. 2 located 1310 feet from the North line and 1330 feet from the East line of Section 20, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. Said well was drilled as an injection well at said location pursuant to authority granted by Order No. R-3341.

#### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF CASE 4497 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4102-A WHICH ORDER ESTABLISHED TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE TWIN LAKES-SAN ANDRES POOL, CHAVES COUNTY, NEW MEXICO.

> CASE NO. 4497 Order No. R=4102-C

#### NUNC PRO TUNC ORDER

# BY THE COMMISSION:

It appearing to the Commission that Order No. R-4102-B, dated February 21, 1973, does not correctly state the intended order of the Commission.

#### IT IS THEREFORE ORDERED:

(1) That Findings (2) through (7) be stricken and that the following Findings be substituted therefor:

- "(2) That by Order No. R-4102-A, dated February 8, 1972, the temporary Special Rules and Regulations promulgated by Order No. R-4102, dated February 10, 1971, for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, designating the pool as an "associated" reservoir with a gas well-oil well classification gas-oil ratio of 30,000 to one and a limiting gas-oil ratio of 4,000 to one, were extended for an additional period of one year.
- (3) That pursuant to the provisions of Order No. R-4102-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the Twin Lakes-San Andres Pool Rules should not be abolished and why the limiting gas-oil ratio should not be reduced to 2,000 to one.
- (4) That no operator in the subject pool appeared to show cause why the special rules for the subject pool should be continued in effect.
- (5) That the special rules and regulations promulgated by Order No. R-4102 and extended by Order No. R-4102-A should be abolished."

-2-Case No. 4497 Order No. R-4102-C

1

(2) That Orders (1) and (2) should read in their entirety as follows:

- "(1) That the Special Rules and Regulations governing the Twin Lakes-San Andres Pool, Chaves County, New Mexico, promulgated by Order No. R-4102 and extended by Order No. R-4102-A, are hereby abolished.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary."

(3) That this order shall be effective <u>nunc pro tunc</u> as of February 21, 1973.

DONE at Santa Fe, New Mexico, on this 6th day of March, 1973.



STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

Chaitman

Por ti .60 ₹ ARMIJQ, Member ALEX J.

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

SEAL

dr/

# TWINLAKES OIL COMPANY P. O. BOX 1797

SANTA FE, NEW MEXICO 87501

Donald G. Stevens President

March 20, 1973



505 982-2893

New Mexico Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico

Attention: Ida Rodriguez

Re: Application of Twinlakes Oil Co. to Reinstate Pool Rules, Twin Lakes Field, Chaves County, New Mexico

 $1 < \cdot$ 

Gentlemen:

Twinlakes Oil Company hereby applies for a partial reinstatement of Order R-4102A dated February 1, 1971, providing for special rules and regulations for the Twinlakes-San Andres Pool, Chaves County, New Mexico, which provided for 40 acre spacing for oil wells, 160 spacing for gas wells, and a limiting gas-oil ratio of 4,000-1. Twinlakes seeks the same rules as set out in said order, except its seeks only the state-wide G.O.R. limitation of 2,000-1 instead of 4,000-1 limitation provided for said order.

I would appreciate your getting this application for hearing at your April 11, 1973 hearing.

Yours very truly,

Donald G. Stevens President

DGS:dmc

# CASE 4497: (Reopened)

Application of Twinlakes 011 Company for the reinstatement of pool rules, Chaves County, New Mexico. Applicant, in the abovestyled cause, seeks the reinstatement of the special pool rules for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, as promulgated by Order No. R-4102, provided however, that the limiting gas-oil ratio would be 2000 to one.

- CASE 4942: Application of Texas West Oil & Gas Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks approval for the unorthodox location of its State "2" Com Well No. 1 at a point 2310 feet from the North line and 660 feet from the West line of Section 2, Township 24 South, Range 34 East, Antelope Ridge-Atoka Gas Pool extension, Lea County, New Mexico, the N/2 of said Section 2 being dedicated to the well.
- CASE 4943: Application of M. W. Staples for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce oil from his Vanderventer Well No. 2 located 1310 feet from the North line and 1330 feet from the East line of Section 20, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. Said well was drilled as an injection well at said location pursuant to authority granted by Order No. R-3341.


# **OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO P. O. BOX 2083 - SANTA FE 87501 GOVERNOR BRUCE KING CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMBER

STATE GEOLOGIST A. L. PORTER, JR. SECRETARY – DIRECTOR

March 6, 1973

Mr. Donald G. Stevens Attorney at Law Post Office Box 1797 Santa Fe, New Mexico

| Re: | Case No.   | 4497     |
|-----|------------|----------|
|     | Order No   | R-4102-C |
|     | Applicant: |          |

DOCKET MAILED

Date

Twinlakes Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly your A. L. PORTER, Jr.

Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC х Artesia OCC x Aztec OCC

OTHER

4911-VR-1121 a los la stanta de de la demos contraction de main de la faction de la commente



# **OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501 GOVERNOR BRUCE KING CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMBER

STATE GEOLOGIST A. L. PORTER, JR. SECRETARY - DIRECTOR

February 8, 1972

Mr. Donald S.Stevens McDermott, Connelly & Stevens Attorneys at Law Post Office Box 1904 Santa Fe, New Mexico DOCKET MAILED

Re: Case No. 4497 Order No. R-4102-A Applicant:

TWINLAKES OIL COMPANY

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

. J. Vorter C.

A. L. PORTER, Jr. Secretary-Director

ALP/ir

Copy of order also sent to:

| Hobba O( | CC  | x |
|----------|-----|---|
| Artesia  | occ | ¥ |

Aztec OCC

Other

Examiner Hearing - Wedneyday - February 14, 1973 -2Docket No. 5-73

(Case 4647 continued from page 1)

including a provision for 80-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

# CASE 4497 (Reopened):

In the matter of Case 4497 being reopened pursuant to the provisions of Order No. R-4102-A which order established temporary special rules and regulations for the Twin Lakes-Devonian Pool, Chaves County, New Mexico. All interested persons may appear and show cause why the gasliquid ratio of 4000 to one should not be reduced and why the special rules and regulations should not be discontinued.

# CASE 4853: (Continued from the December 19, 1972 Examiner Hearing)

Application of El Paso Natural Gas Company for amendment of gas well testing procedures, San Juan Basin, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the gas well testing procedures for the San Juan Basin, New Mexico, promulgated by Order No. R-333-F, as amended, to remove the requirement for annual deliverability and shut-in pressure tests for marginal wells.

Applicant further requests the Commission to consider:

- 1. Other means of avoiding or minimizing the loss of pipeline availability attributable to the period wells in prorated pools are shut in in order to conduct the annually required deliverability and shut-in pressure tests;
- 2. Exempting wells in non-prorated pools from the annual deliverability and shut-in pressure requirements; and,
- 3. Exempting all wells in the San Juan Basin from the requirement for annual shut-in pressure tests as provided in the General Rules and Regulations.



# **OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501 GOVERNOR BRUCE KING CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMBER STATE GEOLOGIST A. L. PORTER, JR. SECRETARY - DIRECTOR

February 10, 1971

Mr. Donald S. Stevens McDermott, Connelly & Stevens Post Office Box 1904 Santa Fe, New Mexico

TWINLAKES OIL COMPANY

Re: Case No. 4497

Applicant:

OCCALL MARLED Dire 1-20-72

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours, a.d. ( Torler of

A. L. PORTER, Jr. Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x Artesia OCC x Aztec OCC

Other



# **OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO P. O. BOX 2068 - SANTA FE 87301 GOVERNOR BRUCE KING CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMBER

STATE GEOLOGIST A. L. PORTER, JR. SECRETARY - DIRECTOR

February 21, 1973

Mr. Donald S. Stevens Attorney at Law Post Office Box 1797 Santa Fe, New Mexico Re: Case No. 4497 Order No. R-4102-B Applicant:

WINLAKES OIL COMPANY

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours, Anter Co A ·ch. (

A. L. PORTER, Jr. Secretary-Director

ALP/ir

Sec. Sec.

Copy of order also sent to:

| Hobbs OCC   | x                                      |
|-------------|----------------------------------------|
| Artesia OCC | x                                      |
| Aztec OCC   | ······································ |

Other

#### 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. 4497 Order No. R-4102-B

IN THE MATTER OF CASE 4497 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4102-A WHICH ORDER ESTABLISHED TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE TWIN LAKES-DEVONIAN PCOL, CHAVES COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 14, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>21st</u> day of February, 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 due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4102-A, dated February 8, 1972, the temporary Special Rules and Regulations promulgated by Order No. R-4102, dated February 10, 1971, for the Twin Lakes-Devonian Pool, Chaves County, New Mexico, establishing the gas-liquid ratio of 4000 to one and establishing 80-acre spacing units for a period of one year, were extended for an additional period of one year.

(3) That pursuant to the provisions of Order No. R-4102-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the Twin Lakes-Devonian Pool gas-liquid ratio of 4000 to one should not be reduced and why the Twin Lakes-Devonian Pool should not be developed on 40-acre spacing units.

(4) That no operator in the subject pool appeared to show cause why the Twin Lakes-Devonian Pool should not be developed on 40-acre spacing units.

-2-Case No. 4497 Order No. R-4102-B

(5) That it is not known at this time whether additional wells will be completed in the subject pool.

(6) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 80 acres.

(7) That the Special Rules and Regulations promulgated by Order No. R-4102 and extended by Order No. R-4102-A should be abolished.

#### IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Twin Lakes-Devonian Pool, Chaves County, New Mexico, promulgated by Order No. R-4102 and extended by Order No. R-4102-A, are hereby abolished.

(2) That jurisdiction of this cause is 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

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

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

SEAL

dr/

4497 Recall of Frain 1600, 2.2.72 extention & Of Cada R- 4102. Vaitla data meder Vaitla data needer 4800-1 - 720 R. - This O 

CASE 4496: Application of BTA of the bolic on for a prossore maintenance project, Lea and Reosevelt Countries, New Metrice. Applicant, in the abovestyled cause, seeks authority to institute a pilot pressure maintenance project in the Vada Petrosylvatian Pool by the injection of water into the Bough "C" formation in its 685 ltd. Bord Well No. 5 located in the SW/4 of Section 4, Township 9 South, Range 36 East, Lea County, New Mexico. Applicant further seeks the designation of a project area and the promulgation of rules for the project including a procedure whereby additional injection wells and the injection of air or gas may be approved administratively.

#### CASE 4486 (Continued and Readvertised):

Application of Continental Gil Company for a waterflood expansion, a dual completion, and lease commingling, Lea County, New Mexico, Applicant, in the above-styled cause, seeks authority to expand its Langlie-Mattix Jack A-29 waterflood project, Langlie-Mattix Pool, Lea County, New Mexico, to include the NW/4 NE/4 of Section 29, Township 24 South, Range 37 East, prior to said tract being offset by an injection well. Applicant also proposes to drill and dually complete a well in the SW/4 NE/4 of said Section 29 in such a manner as to produce gas from the Jalmat Gas Pool and inject water into the Langlie-Mattix Pool as an additional injection well. Applicant further seeks authority to commingle the Langlie-Mattix production from its Jack A-29 and Jack B-29 leases (both in the proposed project area) allocating production by the subtraction method after separately metering production from the Jack A-29 Lease.



Application of Twinlakes Oil Company for special pool rules and a nonstandard proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, including provisions for the classification of oil and gas wells, spacing for oil and gas wells, and a limiting gas-oil ratio of 4000 to one. Applicant further seeks the establishment of a 160-acre non-standard Twin Lakes-San Andres gas proration unit comprising the W/2 W/2 of Section 36, Township 3 South, Range 28 East.

CASE 4491: (Continued from the January 13, 1971, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit W. C.Welch and all other interested persons to appear and show cause why his State Well No. 1 located 660 feet from the South and Weat lines of Section 28, Township 2 South, Range 26 East, De Baca County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4492: (Continued from the January 13, 1971, Examiner Hearing) In the matter of the hearing called by the Cil Conservation Commission on its own motion to permit Norman K. Jones and all other interested persons to appear and show cause why his State A Well No. 1 located in the NE/4 SE/4 of Section 16, Township 30 South, Range 14 West, Hidalgo County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.





Down the Charles

and see an inter the form is 1

TWINLAKES OIL COMPANY

/

WELL HISTORY

|                  | to |
|------------------|----|
|                  |    |
| k at strengt 👔 🖡 |    |
|                  |    |

| Well                  | Cumulative<br>Prod. to<br>1-1-73 (Bbls.) | Oil Prod.<br>1-72 to<br>1-73 (Bbls.) | Gas Prod.<br>1-72 to<br>1-73 (MCF) | Original<br>G.O.R. | G.O.R.<br>Tests<br>7-25-72 |
|-----------------------|------------------------------------------|--------------------------------------|------------------------------------|--------------------|----------------------------|
|                       |                                          |                                      |                                    |                    |                            |
| Twinlakes Oil<br>#1   |                                          |                                      |                                    |                    |                            |
| O'Brien "A"           | 11,647                                   | 2,806                                | 3,581                              | 1,122              | 1,277                      |
| Citgo-State<br>#4     | 28,005                                   | 4,778                                | 7,301                              | 600                | 659                        |
|                       | ·                                        |                                      |                                    |                    |                            |
| Citgo "A"<br>State #2 | 30,284                                   | 3,217                                | 8,604                              | 1,349              | 2,725                      |
| Citgo "A"<br>State #3 | 43,189                                   | 3,338                                | 7,919                              | 1,385              | 2,384                      |
|                       | 437103                                   | 37330                                | ( ) ) ) )                          | 27000              | -,                         |
| Citgo "A"<br>State #5 | 18,070                                   | 3,826                                | 5,818                              | 716                | 1,532                      |
| O'Brien "C"           | 3,449                                    | 980                                  | 4,770                              | 4,545-1            | 4,932                      |
| #2                    | 3,449                                    | 980                                  | 4,770                              | 41242-T            | 4,732                      |
| O'Brien "C"<br>#3     | 0                                        | 0                                    | 0                                  | 697-1*             |                            |
| Twinlakes             | <u></u>                                  | 0.01                                 | 00.057                             |                    |                            |
| State "CH" #1         | 234                                      | 234                                  | 80,957                             | 472,000-1          | 546,000                    |

\*New Well completed 3-22-73. G.O.R. run 4-9-73. Produced 52 BO, 5 BW and 36.25 MCF.

| OF GROUP      | randan in Utz<br>Nether Commission |
|---------------|------------------------------------|
|               | un d <b>o. <u>12</u></b>           |
| CASEDIA, LL.  | - <u>- 1117</u>                    |
| iu            | 1                                  |
| Healing Dates |                                    |

.

NMOCC No. 4497 Exhibit No. 3



14 1969 Cities Service port 2561-81, HF 744.1 MCF 1280, GOR 477,050 In 1969 Twinlokes port 2576-81, A/1500, IPF 533 MCF +880, 60R 66,662 In Jan, 1971 Twinlakos swabbed in, IPF 1, 200 MCF + 10 B0, GOR 120,000, In Jan, 1971 Twinlakos swabbed in, IPF 1, 200 MCF + 10 B0, GOR 120,000, Still cleaning UP.

Exhibit 2

|                                                          | · · · · · · · · · · · · · · · · · · ·                                                                        |                                       | <u>} • • • • • • • • • • • • • • • • • • •</u>             |                                                |                                       |                                        | · · · · · · · · · · · · · · · · · · · |                                               | . <b>`</b>           |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------|------------------------------------------------|---------------------------------------|----------------------------------------|---------------------------------------|-----------------------------------------------|----------------------|
| e-913                                                    | ¢018                                                                                                         | 0061                                  | 00+2                                                       | 00002                                          | 0022                                  | see                                    | ••••                                  |                                               |                      |
|                                                          | · · · · · · · · · · · · · · · · · · ·                                                                        |                                       | · • • • • • • • • • • • • • • • • • • •                    |                                                | • • • • • • • • • • • • • • • • • • • |                                        |                                       |                                               |                      |
| • • • • • • •                                            |                                                                                                              |                                       |                                                            |                                                | :                                     |                                        |                                       |                                               | -                    |
| · · · · · · · ·                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
| ····                                                     | · · · · · · · · · · · · · · · · · · ·                                                                        |                                       |                                                            |                                                |                                       |                                        |                                       | 日即                                            |                      |
|                                                          |                                                                                                              |                                       | ╶┝╌┊╽╍┿╍╪╺┝╌╞╌┥╴┥<br>╧╎╴┊╽╍┿╍┊┝╼┍╌┑╌╸<br>╾┠╴┊┪╍╺╍┑╅╺╍╌┓╌╾╼ |                                                |                                       |                                        |                                       |                                               | X                    |
|                                                          | 31 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1                                                                       |                                       | 志派与                                                        |                                                |                                       | 现。同时                                   |                                       |                                               | +<br>                |
|                                                          |                                                                                                              |                                       |                                                            | Y. Y. WIL                                      | ,                                     |                                        |                                       | , f(, ; ;                                     | •                    |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
|                                                          |                                                                                                              |                                       | May 12 1                                                   |                                                |                                       |                                        |                                       |                                               |                      |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
| 6742                                                     | 0092                                                                                                         | \$300                                 | 5+00<br>5+00                                               | 0002                                           | s s s s s s s s s s s s s s s s s s s | 5:00                                   | 0002                                  | ()<br>()<br>()                                |                      |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               | 11                   |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
| $\sim/$                                                  |                                                                                                              |                                       | ┍ <mark>┑╻┊╻╷╷╷╷╷╷╷</mark>                                 |                                                | ╈╼┾╌┝╼╞╼┾╸┝╼╞╼╞                       |                                        |                                       |                                               |                      |
|                                                          |                                                                                                              |                                       | LI AL IA                                                   |                                                |                                       |                                        |                                       |                                               | <del>-</del> -t-<br> |
| W/W                                                      |                                                                                                              | , www.                                |                                                            | -                                              | N/N-WW                                | www                                    | www.                                  | Mr                                            | Ľ                    |
|                                                          |                                                                                                              |                                       |                                                            | 2                                              |                                       |                                        |                                       |                                               | :                    |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       | $\bigcirc$                                    | :                    |
| mit                                                      | 0.92                                                                                                         | 0057                                  | 60+2                                                       | 200                                            | 0022                                  | 5100                                   | 0.02                                  | [1]                                           | ·:<br>               |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       | 3<br>11:115:                                  |                      |
| m.                                                       | mm.                                                                                                          | www                                   | mu / Vm                                                    | $\wedge$                                       |                                       | nm.ml                                  |                                       |                                               |                      |
| × 6.7                                                    | 100000                                                                                                       |                                       |                                                            |                                                | V                                     | ······································ |                                       |                                               |                      |
|                                                          | 1.1.0                                                                                                        |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
| تیبه ریار را در<br>بعد ماه مراجع<br>بعد راجع المار مراجع |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       | <u>, , , , , , , , , , , , , , , , , , , </u> | <br>   <br>          |
|                                                          | ا       لیکر ۱۰   ۱۰   ۲۰۰۰ ۲۰۰۰ ۲۰۰۰<br>۱۹۹۲ - ۲۰۰۰ ۲۰۰۹ ۲۰۰۹ ۲۰۰۰ ۲۰۰۰<br>۲۰۰۲ - ۲۰۰۱ ۲۰۰۱ ۲۰۰۹ ۲۰۰۲ (۲۰۰۰ | م<br>سام م مراجع                      |                                                            |                                                |                                       | (                                      |                                       |                                               |                      |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
| F 1 9                                                    |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               | <u>ド</u><br>7        |
|                                                          | 5992<br>                                                                                                     | cosz                                  | 5400                                                       |                                                | 5500 55                               |                                        | 2                                     |                                               | T                    |
|                                                          |                                                                                                              |                                       |                                                            |                                                |                                       |                                        |                                       |                                               |                      |
|                                                          |                                                                                                              | · · · · · · · · · · · · · · · · · · · |                                                            |                                                |                                       |                                        |                                       |                                               | • •<br>• •           |
|                                                          |                                                                                                              | , , , , , , , , , , , , , , , , , , , |                                                            |                                                |                                       |                                        |                                       |                                               | - :<br>- ;<br>- ;    |
|                                                          |                                                                                                              | $\gamma \gamma \gamma$                |                                                            |                                                |                                       |                                        |                                       |                                               | ·                    |
|                                                          |                                                                                                              | <br>                                  | ······································                     | ang diganan ang ang ang ang ang ang ang ang an |                                       |                                        |                                       |                                               |                      |

در ا ترج

.•

# TWINLAKES OIL CO.

# WELL HISTORY

| Well                             | Cumulative<br>Prod. to<br>1-1-70 | Nov., 1970<br>Production | Original<br>G.O.R. | 7-70<br>G.O.R. | Current<br>Estimate |
|----------------------------------|----------------------------------|--------------------------|--------------------|----------------|---------------------|
| Twinlakes Oil<br>#1<br>O'Brien A | 4,097                            | 192                      | 1122               | TSTM           | TSTM                |
| Citgo-State<br>#4                | 9,116                            | 159                      | 600                | 633            | 700                 |
| Citgo "A"<br>State #2            | 20,261                           | 285                      | 1349               | 3200           | 5000                |
| Citgo "A"<br>State #3            | 25,892                           | 569                      | 1385               | 2866           | 4000                |
| Citgo "A"<br>State #5            | 6,092                            | 296                      | 716                | 556            | 600                 |
| Mobil Oil<br>O'Brien "C" #2      | 455                              | 0                        | 65,000-1           | D-1            |                     |
| Cities Service<br>State "CH" #1  | 0                                | 0                        | 472,000-1          |                |                     |
| Twinlakes<br>State "CH" #1       | 0                                | 0                        |                    | 66,662         | 120,000 Jul         |

NETORE EXAMINED NUTTER i.

Exhibit 4

State of New Mexico





Commissioner of Public Lands

P. O. BOX 1148 SANTA FE, NEW MEXICO

COMMUNITIZATION AGREEMENT

-)

)

)

STATE OF NEW MEXICO COUNTY OF

KNOW ALL MEN BY THESE PRESENTS:

THAT THIS AGREEMENT is entered into as of the 7 th day of pro-19 7(, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 7-11-47, New Mexico Statutes, Annotated, 1955 Laws, in the interest of conservation of oil and gas and the prevention of waste, to consent to and approve the development or operation of State lands under agreements made by lessees of oil and gas lesses thereon, jointly or severally with other oil and gas lessees of State lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Commission, where such agreement provides for the allocation of the production of oil or gas from such pools or communitized area on an acreage or other basis found by the commissioner to be fair and equitable.

WHEREAS, the parties hereto, being oil and gas lessees of record, covering lands subject to this agreement, insofar as such leases cover the lands hereinafter described, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes, and

WHEREAS, said leases, insofar as they cover the <u>Pl and P2 zones</u> of <u>San</u> Formation in and under the land hereinafter described

BEFORE EXALIN applicant is 4497

Ethibit 5

OG-65 Rev. 1-2-68 cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing <u>oil and gas</u> Pl and P2 zones of the in the <u>San Andres</u> Formation in and under the land hereinafter described subject to the terms hereof.

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually convenanted and agreed by and between the undersigned as follows:

> Township 8 Range 28 ,N.M.P.M. Section 36: W/2 W/2 Chaves County, New Mexico

containing 160 acres, more or less, and so hereby declare that it is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of <u>oil and gas</u> Pl and P2 zones of from the the San Andres \_\_\_\_\_Formation in and under said land is necessary and advisable in order to properly develop and produce the <u>oil and gas</u> Pl and P2 zones of the \_\_\_\_\_substances in the said \_\_\_\_\_San Andres Formation beneath said land in accordance with the spacing rules of the Conservation Commission of the State of New Mexico, and in order to promote the conservation of the \_\_\_\_\_ oil and gas in and what may be produced from said formation in and under said land, and would be in the public interest; AND, for the purposes aforesaid, the parties hereto do hereby

communitize, for proration or spacing purposes only the leases OG-66 Attached hereto and made a part of this Agreement for all purposes, is Exhibit "A" showing the acreage, and ownership (Lessees of Record) of all lands within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. The royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the undersigned be required to measure

0G-66

---3.--

separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

5. The Commencement, completion, and continued operation or production of a well or wells for communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

6. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws or statutes. This Agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules or regulations.

7. <u>Twinlakes Oil Company</u> shall be the Unit Operator of said communitized area and all matters of operation shall be determined and performed by <u>Twinlakes Oil</u> Company.

8. This Agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public

0G-66

-4-

Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in commercial quantities; provided, however, that prior to production in commercial quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This Agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non production.

9. Operator will furnish the Conservation Commission and the Commissioner of Public Lands, of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

10. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the Oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

11. If any order of the Oil Conservation Commission upon which this agreement is predicated or based is in anywise changed or modified, then and in such event said agreement is likewise modified to conform thereto,

12. This Agreement may be executed in any number of counterparts,

0G-66

...5.-

no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

13. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**OPERATOR:** 

COMPANY TWINLAKES OIL

ATTEST: Donald I. Steener Secretary

BY: M. Aurenen orney in Fact Arelanden +

LESSEES OF RECORD: <u>CITIES SERVICE OIL COMPANY</u>

STATE OF NEW MEXICO SS ) COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this\_ \_\_\_\_\_as Attorney Company.

My Commission Expires

NOTARY PUBLIC

OG-66

STATE OF NEW MEXICO ) ) COUNTY OF CHAVES )

SS:

The foregoing instrument was acknowledged before me this

| _day of, 197_ | _, by |  |
|---------------|-------|--|
|---------------|-------|--|

\_\_\_\_\_, of CITIES SERVICE OIL COMPANY, on

behalf of said company.

Notary Public

My commission expires:

Exhibit A to Communitization Agreement dated 1-2.7-7/embracing W<sub>2</sub>W<sub>2</sub> Section 36, Township 8 South, Range 28 East, N. M. P. M. Chaves County, New Mexico

Operator of Communitized Area: TWINLAKES OIL COMPANY

# DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lessor: State of New Mexico, Commissioner of Public Lands Lessee of Record: Cities Service Oil Company

Serial No. of Lease: OG-4681

Date of Lease: October 21, 1958

Description of Lands Committed: W<sup>1</sup>/<sub>2</sub> SW<sup>1</sup>/<sub>4</sub> Section 36

W<sup>1</sup>/<sub>2</sub> SW<sup>1</sup>/<sub>4</sub> Section 36 Township 8 South, Range 28 East, N.M.P.M.

Number of Acres: 80

Working Interest and Percentage: Twinlakes Oil Co. -- 100% W.I. -- 79.03125% net

| O.R.R.I ar | nd Percentage: | Cities Service Oi | 1 Co | 5.46875% |
|------------|----------------|-------------------|------|----------|
|            | Ŭ              | George Conley     |      | 2.00 %   |
|            |                | Robert Haynie     |      | .50 %    |
|            |                | Len Mayer         |      | .50 %    |
|            |                | Total             |      | 8.46875% |

#### Tract No. 2

Lessor: State of New Mexico, Commissioner of Public Lands Lessee of Record: Cities Service Oil Company Serial Number of Lease: K-6716 Date of Lease: February 21, 1967

Description of Lands Committed: SW4 NW4 Section 36

Township 8 South, Range 28 East, N.M.P.M.

Number of Acres: 40

Working Interest and Percentage: Twinlakes Oil Co. -- 100% W.I. 82.03125% net

0.R.R.I. and Percentage: Cities Service Oil Co. -- 5.46875%

Exhibit A to Communitization Agreement dated 1-27-7/embracing  $W_2W_2$  Section 36, Township 8 South, Range 28 East, N.M.P.M. Chaves County, New Mexico

# Operator of Communitized Area: TWINLAKES OIL COMPANY

# DESCRIPTION OF LEASES COMMITTED

Tract No. 3

Lessor: State of New Mexico, Commissioner of Public Lands

Lessee of Record: Cities Service Oil Company

Serial No. of Lease: K-2803

Date of Lease: October 16, 1962

Description of Lands Committed: NW% NW% Section 36

Township 8 South, Range 28 East, N.M.P.M.

Number of Acres: 40

Working Interest and Percentage: Twinlakes Oil Co. -- 100% W.I. 82.03125% net

O.R.R.I. and Percentage: Cities Service Oil Co. -- 5.46875%

| RECAPITULATION                                                                                                    |                           |                                                |  |  |  |  |  |  |
|-------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------------|--|--|--|--|--|--|
| Tract Number                                                                                                      | No. of Acres<br>Committed | Percentage of Interest<br>in Communitized Area |  |  |  |  |  |  |
| 1<br>2<br>3                                                                                                       | 80<br>40<br>40            | 50%<br>25%<br>25%                              |  |  |  |  |  |  |
| Distribution of Interest                                                                                          | <br>                      | Overriding<br>Royalty Royalty                  |  |  |  |  |  |  |
| Twinlakes Oil Co.<br>State of New Mexico<br>Cities Service Oil Co.<br>George Conley<br>Robert Haynie<br>Len Mayer | 80.53125%                 | 12.50%<br>5.46875%<br>1.00 %<br>.25 %<br>.25 % |  |  |  |  |  |  |

ONCERVATION ( Upplicents TYTE OF ONCE ) 4492

PROPOSED SPECIAL RULES AND REGULATIONS FOR THE TWINLAKES SAN ANDRES POOL

RULE 1. Each well completed or recompleted in the Twinlakes San Andres Pool within one mile thereof, and not nearer to or within the limits of another designated San Andresol, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

<u>RULE 2.</u> (a) Each gas well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

<u>RULE 2</u>. (b) Each oil well shall be located on a standard unit containing 40 acres, more or less, consisting of a governmental quarter-quarter section.

<u>RULE 3.</u> The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 (a) without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

> (a) The non-standard unit consists of guarterquarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a governmental quarter section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the guarter section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified

Exhibit 6

(d)

.

-1-

by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

<u>RULE 4</u>. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of a quarter-quarter section.

<u>RULE 5</u>. A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

<u>RULE 6.</u> The gas-liquid ratio limitation shall be 4,000 cubic feet of gas per barrel of liquid hydrocarbons.

<u>RULE 7</u>. An oil well which has 40 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a 160-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

<u>RULE 8</u>. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned

1.1.1

A Statistic and a state of the second se

in accordance with Rule 11. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the commencement of gas sales from the field or 60 days after the effective date of these rules, whichever is later. Any operator that desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying it. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests.

> RULE 9. Gas-liquid ratio tests shall be taken on all wells during the months of January, and July, of each year. The initial gas-liquid ratio test shall suffice as the first semi-annualst. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with theArtesi@ffice of the Commission a test schedule for its wells, specifying the time each of its wells is to be all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

<u>RULE 10</u>. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

1.1

.

<u>RULE 11</u>. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the Commission's Hobbs Office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's Hobbs Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gasliquid ratio for the pool.

<u>RULE 12</u>. Balancing dates shall be 7 o'clock a.m. January the first and 7 o'clock a.m. July the first, and the periods of time bounded by these dates shall be gas proration periods.

<u>RULE 13</u>. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

<u>RULE 14.</u> Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

<u>RULE 15</u>. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling <u>three</u> times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than <u>three</u> times its current monthly allowable.

<u>RULE 16</u>. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

-4-

 $\mathcal{L}^{(n)}$ 

<u>RULE 17</u>. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

-5-

<u>RULE 18</u>. The monthly gas production from each gas 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 produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the oil proration schedule.

<u>RULE 20</u>. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

<u>RULE 21</u>. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

<u>RULE 22</u>. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

#### IT IS FURTHER ORD PRED:

(1) That all operators shall, prior to April 1,  $1971_{file}$  with t . Commission Form C-102 for each well showing the acreage dedicated to the well.

(2) That all operators shall take new gas-oil ratio tests on all wells and file the results thereof with the Commission on Form C-ll6 prior to May 1, 1971 ; that the daily tolerance provision of Commission Rule 502 I is hereby waived for the purpose of testing wells at the allowable rate authorized by these rules.

(3) That this case shall be reopened at an examiner hearing in Feb. 1972, at which time the operators in the subject pool shall show cause why the gas-liquid ratio limitation of 4,000cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by this order should not be discontinued.

(4) That jurisdiction of this cause is 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

Bruce King , Chairman

Alex J. Armijijo, , Member

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

#### SEAL

esr/

# TWIN LAKES - SAN ANDRES FIELD

Gas-Oil Ratio Tests

|           | State CH Com $1 \checkmark$ | Citgo "A" State 5 | Citgo "A" State 3 | Citgo "A" State 2 | Citgo State 4 | O'Brien "C" 2 | O'Brien "A" 1 | Lease Well No.     |
|-----------|-----------------------------|-------------------|-------------------|-------------------|---------------|---------------|---------------|--------------------|
|           | 12/71                       | 4/68              | 10/67             | 5/67 59           | 11/67 40      | 4/71 11       | 11/67 10      | Date               |
|           | 4 235250/1                  | 29 716/1          | 68 1385/1         | 59 1349/1         | 40 600/1      | 11 4545/1     | 10 TSTM       | Initial<br>Oil GOR |
|           |                             | 18                | 35                | 15                | 10            | ·             | œ             | 7/69<br>011 GOR    |
|           | 240                         | 611/1             | 2914/1            | 3800/1            | 700/1         |               | TSTM          | GOR                |
|           | 0/ref.                      | 81                | 30                | 10                | 15            |               | œ             | 0i1<br>7           |
| J'2 A 521 | Onegd. and                  | 556/1             | 2866/1            | 3200/1            | 633/1         |               | TSTM          | 7/70<br>GOR        |
|           | <b>`</b>                    | 22                | 23                | 23                | 38            |               | 20            | 01.3               |
|           | County me good              | 22 1180/1         | 6400/1            | 23 5100/1         | 1316/1        |               | 20 1300/1     | 3/?1<br>Oi. GOR    |
|           | 6.44                        | 22                | 24                | 15                | 34            | 14            | 12            | 0i1 8              |
|           |                             | 22 1182/1         | 24 6125/1         | 15 7000/1         | 34 1441/1     | 14 3071/1     | 12 1333/1     | 8/71<br>Oil GOR    |
| r         | 4                           | 16                | 16                | 16                | 28            | 17            | 12            | 011                |
|           | 4<br>106500/1               | 16 1500/1         | 16 8438/1         | 8000/1            | 1614/1        | 17 3059/1     | 12 1833/1     | 1/72<br>Oil GOR    |

CASE NO. 4497 BEFORE EXAMINER UTZ

-

Applicant's Exhibit No. 2

#### BEFORE THE

# OIL CONSERVATION COMMISSION OF NEW MEXICO

E S

(\*)

Cace 4497

APPLICATION OF TWINLAKES OIL COMPANY FOR SPECIAL POOL RULES AND A NON-STANDARD GAS PRORATION UNIT, TWIN LAKES FIELD, SECTIONS 35 AND 36, TOWNSHIP 8 SOUTH, RANGE 23 EAST, AND SECTIONS 1 AND 2, TOWNSHIP 9 SOUTH, RANGE 28 EAST, CHAVES COUNTY, NEW MEXICO

#### APPLICATION

Comes now Twinlakes Oil Company and applies to the Oil Conservation Commission of the State of New Mexico as follows:

It is requested that special pool rules be adopted including provisions for 40 acre oil proration units and 160 acre gas proration units with wells to be located not closer than 330 feet to any tract or lease boundary or quarter-quarter section line, nor closer than 660 feet to the nearest well completed in the same pool. in the Twin Lakes Field, Chaves County, New Mexico.

#### II.

It is requested that a limiting gas-oil ratio of 4,000 standard cubic feet per barrel of oil be adopted.

#### III.

It is requested that a non-standard gas proration unit consisting of the W/2 W/2 of Section 36, Township 8 South, Range 28 East, Chaves County, New Mexico be approved.

#### IV.

In support of this application applicant herein would show the Commission:

Applicant is the operator of the W/2 Section 36, Township
 8 South, Range 28 East.

2. The Twin Lakes San Andres Field is basically a gas field with an oil rim.

3. A gas-oil ratio of 4,000 standard cubic feet per barrel

LAW OFFICES MCDERMOTT, CONNELLY & Stevens P. O. BOX 1904 SANTA FE, NEW NEXICO 87801

DOCKET MAILED 1-22-71 Duio

of oil will not damage the reservoir and will enable the applicant to construct a gasoline plant and thereafter market the gas, including casing gas, a portion of which is now being flared.

4. The non-standard gas proration unit is necessary since the non-standard unit is underlain by gas and no additional acreage within the above described section is gas bearing. Such non-standard unit is necessary to protect the correlative rights and prevent waste.

5. Approval of the above application will result in the recovery of gas and oil that probably would not otherwise be recovered, will prevent waste, and correlative rights of the other owners in the area will be protected.

6. The names and addresses of all interested parties known to applicant are:

- a. Cities Service Oil Company Vaughn Building Midland, Texas
- b. Paul Slayton 115 East Country Club Road Roswell, New Mexico
- c. Pearson-Sibert Oil Company of Texas
   504 Vaughn Building
   Midland, Texas
- d. Superior Oil Company
  Box 1900
  Midland, Texas
- e. Mobil Oil Corporation Box 633 Midland, Texas

WHEREFORE, applicant prays that this matter be set for hearing before the Commission, or before the Commission's duly appointed examiner, on February 3, 1971, and that after notice and hearing as required by law, the Commission enter its order approving special pool rules, a 4,000 - 1 gas-oil ratio and the non-standard gas proration unit, above described, as prayed for.

Respectfully submitted,

TWINLAKES OIL COMPANY Vould By McDermott, Connelly & Stevens

P. O. Box 1904 Santa Fe, New Mexico 87501 Attorneys for Applicant -2-

LAW OFFICES MCDERMOTT, CONNELLY & STEVENS P. O. BOX 1904 SANTA FE, NEW MEXICO 07501

AN AND AND AND AND AND



#### 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:

2

CASE NO. 4497 Order No. R- 4102-B

IN THE MATTER OF CASE 4497 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4102-A WHICH ORDER ESTABLISHED TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE TWIN LAKES-DEVONIAN POOL, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 14 , 1973 at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this <u>day of February</u>, 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 due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4102-A, dated February 8, 1972, the by Order No. R-4102-A, dated February 8, 1972, the by Order No. R 4102, de temporary Special Rules and Regulations were promulgated for the Twin Lakes-Devonian Pool, Chaves County, New Mexico, establishing the gas-liquid ratio of 4000 to one and establishing 80-acre spacing units for a period of one year, were extended for an additional period of one year. -2-Case No. 4497 Order No. R-

(3) That pursuant to the provisions of Order No. R-4102-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the Twin Lakes-Devonian Pool gas-liquid ratio of 4000 to one should not be reduced and why thezspecialzzwieszwidzzegwietionszshowidznotzbz the Twin Lakes-Devonian Pool should not be developed on 40-acre spacing units.

(4) That no operator in the subject pool appeared to show cause why the Twin Lakes-Devonian Pool should not be developed on 40-acre spacing units.

(5) That it is not known at this time whether additional wells will be completed in the subject pool.

(6) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 80 acres.

(7) That no neaccopity exists for the continuation the

Special Rules and Regulations promulgated by Order No. R-4102 and extended by Order No R-4102-A and that said vulos should the should be should be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the

Twin Lakes-Devonian Pool, Chaves County, New Mexico, promulgated by Order No R-4102 and extended by Order No. R-4102-A, are hereby abolished.

(2) That jurisdiction of this cause is retained for the entry of such further ord is as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.
BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

NUNC PRO TUNC ORDER

IN THE MATTER OF CASE 4497 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4102-A WHICH ORDER ESTABLISHED TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE TWIN LAKES-SAN ANDRES POOL, CHAVES COUNTY, NEW MEXICO.

CASE NO. 4497



ORDER NO. R-4102-C

# BY THE COMMISSION:

It appearing to the Commission that Order No. R-4102-B, dated February 21, 1973, does not correctly state the intended order of the Commission.

IT IS THEREFORE ORDERED:

(1) That Findings (2) through (7) be stricken and that the following Findings be substituted therefor:

"(2) That by Order No. R-4102-A, dated February 8, 1972, the temporary Special Rules and Regulations promulgated by Order No. R-4102, dated February 10, 1971, for the Twin Lakes. San Andres Pool, Chaves County, New Mexico, designating the pool as an "associated" reservoir with a gas well-oil well classification gas-oil ratio of 30,000 to one and a limiting gas-oil ratio of 4,000 to one, were extended for an additional period of one year.

(3) That pursuant to the provisions of Order No. R-4102-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the Twin Lakes-San Andres Pool Rules should not be abolished and why the limiting gas-oil ratio should not be reduced to 2,000 to one.

(4) That no operator in the subject pool appeared to show cause why the Special Rules for the subject pool should be continued in effect.

-2-Case Mo. 4497 Order No. R-4102-C

(5) That the Special Rules and Regulations promulgated by Order No. R-4102 and extended by Order No. R-4102-A should be abolished."

(2) That Orders (1) and (2) should read in their entirety as follows:

"(1) That the Special Rules and Regulations governing the Twin Lakes-San Andres Pool, Chaves County, New Mexico, promulgated by Order No. R-4102 and extended by Order No. R-4102-A, are hereby abolished.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

(3) That this order shall be effective <u>nunc pro tunc</u> as of February 21, 1973.

February 21, 1973. DONE at Santa Fe, New Mexico, on the day and year hereinabove designated. 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: /

DRAFT

CASE NO. 1497

IN THE MAMER OF CASE 4497 BEING Order NO. R-4102-D REOPENED TO RECONSIDER **MANDRES** SPECIAL RULES AND REGULATIONS FOR THE THIN LAKES - SAN ANDRES PODL, CHAVES COUNTY NEW MEXICO, WHICH WERE ORIGINALLY A ESTIMATED NEW MEXICO, R. 4102. Y & ORDER NO. R. 4102.

# BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on APRIL 11, 1973, at Santa Fe, New Mexico, before Examiner ELVIS A. UTZ

NOW, on this day of MAQ, 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 due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

- (2) That by Order No. R-4102-A, dated February 8, 1972, the temporary Special Rules and Regulations promulgated by Order No. R-4102, dated February 10, 1971, for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, designating the pool as an "associated" reservoir with a gas well-oil well classification gas-oil ratio of 30,000 to one and a limiting gas-oil ratio of 4,000 to one, were extended for an additional period of one year.
- (3) That pursuant to the provisions of Order No. R-4102-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the Twin Lakes-San Andres Pool Rules should not be abolished and why the limiting gas-oil ratio should not be reduced to 2,000 to one.

AT THE FEBRUARY, 1973, HEARING (4) That no operator in the subject pool appeared to show cause why the special rules for the subject pool should be continued in effect. (5) THAT AS A RESULT OF SAID HEARING, ORDERS NO. R-4102-B AND R-4102-C WERE ISSUED WHICH ABOLISHED THE TEMPORARY SPECIAL RULES AND REQULATIONS PROMULGATED BY ORDER NO. R-4102 AND EXTENDED BY ORDER NO R-4102 - A.

(6) THAT THE APPLICANT, TWINLAKES OIL COMPANY, SEEKS THE REINSTATEMENT OF SPECIAL POOL RULES AND REQULATIONS FOR THE TWIN LAKES - SAN ANDRES POOL, CHAVES COUNTY, NEW MEXICO, AS PROMULGATED IN ORDER NO. R-4102, BUT WITH A LIMITING GAS-OIL RATIO OF 2000 TO ONE.

(7) THAT THE RESERVOIR CHARACTERISTICS OF THE SUBJECT POOL PRESENTLY JUSTIFY THE ESTABLISHMENT OF A GAS-OIL RATIO OF JODO CUBIC FEET OF GAS PER BARREL OF LIQUID HYDRODARBONS.

(8) THAT THE SPECIAL RULES AND REGULATIONS FROMULGATED IN ORDER NO. R-4100 SHOULD BE REINSTATED FOR THE SUBJECT A WITH A LIMITING GAS -OIL RATIO OF 2000 TO ONE IN ORDER TO TREVENT ECONOMIC LOSS AND OTHERWISE TREVENT ECONOMIC LOSS AND OTHERWISE TREVENT WASTE AND PROTECT CORDELATIVE RIGHTS.

# IT IS THEREFORE ORDERED:

(1) THAT THE THE SPECIAL RULES AND REQULATIONS FOR THE TWIN LAKES - SAN ANDRES POOL, PROMULGATED 34 ORDERS NO. R-4102, AND R-4103-A ARE HERETH REINSTATED IN FULL FORCE AND EFFECT HISTATED IN FULL OF THE COMMISSION.

(2) THAT RULEG OF SAID RULES BE AMENDED TO SHALL A READ AS FOLLOWS!

> RULE G. THAT THE LIMITING GAS-OIL RATED SHALL BE 2000 CUBIC FEET OF GAS FOR EACH BARREL OF OIL PRODUCED, UNTIL SUBLY THE AS THERE, ADD IN OPERATION

AT AN EXAMINER. HEARING IN MAY, 1974, AT WHICH TIME THE OPERATORS IN THE SUBJECT POOL SHALL SHOW CAUSE WHY THE SPECIAL RULES AND REQULATIONS PRODULGATED BY THIS ORDER. SHOULD

(3) THAT JURISDICTION OF THIS CAUSE IS RETAINED FOR THE ENTRY OF SUCH FURTHER ORDERS AS THE COMMISSION MAY DEEM NECESSARY. DRAFT GMH/esr

10

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:

RECORDS CENTER

21

CASE No. 4497 Order No. R.

APPLICATION OF TWINLAKES OIL COMPANY FOR SPECIAL POOL RULES AND A NON-STANDARD PRORATION UNIT, CHAVES COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

## BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on <u>February 3</u>, 1971, at Santa Fe, New Mexico, before Examiner <u>Daniel S. Nutter</u>.

NOW, on this \_\_\_\_\_ day of <u>February</u>, 1971, the Commission, a guorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

## FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Twinlakes Oil Company, seeks the promulgation of special rules and regulations for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, including provisions for the classification of oil and gas wells, 40-acre spacing for oil wells, 160-acre spacing for gas wells, and a limiting gas-oil ratio of 4000 to one.

(3) That while the Twin Lakes-San Andres Pool is presently classified as an oil pool, the evidence adduced indicates that it is in fact an "associated" reservoir.

-2-CASE No. 4497

(4) That the reservoir characteristics of the subject pool indicate that the gas area can be efficiently and economically drained and developed on 160-acre spacing, and that the oil area can be efficiently and economically drained and developed on 40-acre spacing.

(5) That the reservoir characteristics of the subject pool presently available justify the definition of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(6) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons.

(7) That temporary special rules and regulations providing for 160-acre gas well spacing and 40-acre oil well spacing should be promulgated for the subject pool in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

1

600 G

r V

ow will rates

(8) That the temporary special rules and regulations should provide for the classification of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons and should provide for the establishment of a gas-liquid ratio of 4000 cubic feet of gas per conclusion for the establishment of a gas-liquid ratio of 4000 cubic feet of gas per conclusion of the cubic feet of gas per conclusion of the establishment of liquid hydrocarbons and should provide for the establishment of a gas-liquid ratio of 4000 cubic feet of gas per conclusion of the cubic feet of gas per conclusion of the establishment of the establishment of the property in the pool the opportunity to produce his just and equitable share of the oil or gas, or both, and for this purpose to use his just and equitable share of the reservoir energy.

-3-CASE No. 4497

(9) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

(10) That this case should be reopened in <u>February, 1972</u>, at which time the operators in the subject pool should be required to establish that a gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons will effectively maintain the gas-oil contact in the subject pool, and that the special rules and regulations should be continued in effect.

(11) That the applicant further seeks approval of a 160-acre non-standard gas spacing unit in the Twin Lakes-San Andres Pool comprising the W/2 W/2 of Section 36, Township 8 South, Range 28 East, NMPM, Chaves County, New Mexico, to be dedicated to its East, NMPM, Chaves County, New Mexico, to be dedicated to its

(12) That the proposed non-standard gas spacing unit should be approved.

## IT IS THEREFORE ORDERED:

of said Section 36

That, effective <u>the date of this Order</u>, <del>1971</del>, temporary Special Rules and Regulations for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, are hereby promulgated as follows:

> SPECIAL RULES AND REGULATIONS FOR THE TWIN LAKES-SAN ANDRES POOL

RUMA 1. Bach well completed or recompleted in the Twin Lakes-San Andres (of an theAndres) smaller with the thereof, and in for to of within the smits of unother delegated San Andres of, still be spaced, dru and, corrated, and produced in accord where by total Rules and Regulations hereinafter set force.

RULE 2. (a) Each gas well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

3. <u>...</u> The Socretary-Director of the Community of the second of the requirements of while 1 (a) willout motion and the second of the requirements of while 1 (a) will be a motion of the second o

-4-CASE No. 4497 Order No. R-

- (a) The non-standard unit consists of quarterquarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental guarter section and contains less acreage than a standard unit.
- (c) 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 the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, well that a problem with the former provide and find a located with 'so fat the contrast of find the classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

e-ail satis whall be, 2000 cubic fielt o you for loss barrel gail fundered unlit and time as the pool they goe gethering fritter and the cafter the limiting goe ail rates shall be 4000 cubic fat of goo for lock barrel of ail prodeseed. (render) in any proportion.

-5-CASE No. 4497 Order No. R-

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a 160-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce or 60 days after the affective date of these rules, which ver is later. Any operator that desires to obtain an exception to the foregoing provisions for a vell classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement potting forth the facts and circumstances justifying it. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests

RULE 9. Gas-liquid ratio tests shall be taken on all wells during the months of January, April, July, and October of each year. The initial gas-liquid ratio test shall suffice as the first quarterly test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or befor the 10th day of the following month. At least 72 hours prior to -3-C.53 No. 4497 Ordor No. R-

commencement of any such gas-liquid ratio tests, each operator shall file with the Office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the cost schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the optiator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Env well completed after the effective date of these rules shall receive an allowable only upon receipt by the commission's Office of Commission Forms C-104 and C-116, itoperly executed. The District Supervisor of the Commission's Artesia Office is hereby authorized to assign a temporary gas cllowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gasliquid ratio for the pool.

<u>NUTE 12</u>. Balancing dates shall be 7 o'clock a.m. January the first and 7 o'clock a.m. July the first, and the periods of the bounded by these dates shall be gas promation periods.

<u>ROUGENS</u>. Any gas well which has an underproduced status as of the end of a gas promation period shall be allowed to carry into underproduction forward into the next gas production period and thy produce such underproduction in addition to the allowable use hed during such succeeding period. Any allowable carried forward into a gas promation period and remaining unproduced as and of such gas promation period shall be cancelled.

<u>1017 14</u>. Production during any one month of a gas promation paired in excess of the allowable absigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cuncelled. -7-CASE No. 4497 Order No. R-



RULE 15. Any well which has an overproduced status as of the end of a gas promation period shall carry such overproduction rward into the next gas promation period, provided that such overproduction shall be compensated for during such succeeding pariod. Any well which has not compensated for the overproduction thried into a gas promation period by the end of such promation which has not compensated for the overproduction thried into a gas promation period by the end of such promation which has not compensated for the overproduction of the shall be that month and ellen succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 12. The allowable assigned to a well during any one with of a gas proration period in excess of the production for and sume mouch shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

<u>RULE 17</u>. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in matterial damage to the well or reservoir.

<u>INTE 18</u>. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to that the Commission on or before the 24th day of the month mext succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

<u>NUME 19</u>. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the worth in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the sume order as usey are listed on the oil promation schedule.

<u>RULE 12.</u> Failure to comply with any provision of chose pules shall result in the immediate cancellation of allowable assigned no the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and -8-CASE No. 4497 Order No. R-

purchaser in writing of the date of allowable cancellation and the reason therefor.

<u>RULE 21</u>. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

<u>RULE 22.</u> Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

## IT IS FURTHER ORDERED:

(1) That a 160-acre non-standard gas spacing unit comprising the W/2 W/2 of Section 36, Township 8 South, Range 28 East, NMPM, Twin Lakes-San Andres Pool, Chaves County, New Mexico, is hereby approved and dedicated to the Twin Lakes Oil Company

H" Well Ms. 1, located in Unit L of said fletin 36

(2) That the locations of all wells presently drilling to or completed in the Twin Lakes-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before March 1, 1321, 1971.

(2) That all operators shall, prior to prior f, file with the Commission Form C-102 for each well showing the acreage dedicated to the well.

(4)(3) That all operators shall take new gas-oil ratio tests on all wells and file the results thereof with the Commission on Form C-116 prior to  $\frac{1}{2}$ ,  $\frac{1}{7}$ ; that the daily tolerance provision of Commission Rule 502 I is hereby waived for the purpose of testing wells at the allowable rate authorized by these rules.

wells may have non-standard spacing or proration units established \ by the Commission and dedicated thereto. -9-CASE No. 4497

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Twin Lakes-San Andres Pool or in the San Andres formatjon within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

(4) That this case shall be reopened at an examiner hearing in <u>February, 1972</u>, at which time the operators in the subject pool shall show cause why the gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by this order should not be discontinued.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem neces-sary.

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

Don. Hein performed rules call for only two texts. I stud all you wat? 2011. Min

DRAFT GMH/dr

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. 4497 Order No. R-4102-A RECORDS DCGNIER

IN THE MATTER OF CASE 4497 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4102, WHICH ORDER ESTABLISHED SPECIAL RULES AND REGU-LATIONS FOR THE TWIN LAKES-SAN ANDRES POOL, CHAVES COUNTY, NEW MEXICO.

# ORDER OF THE COMMISSION

## BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 2 , 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz

NOW, on this \_\_\_\_\_\_ day of <u>February</u>, 19<u>72</u>, the Commission, a guorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

# FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4102, dated February 10, 1971,

temporary Special Rules and Regulations were promulgated for the

Twin Lakes-San Andres Pool, Chaves County, New Mexico, including 40- acre sporing for our weeks, 160-acre

a provisions for <del>80 acre spacing and proration units.</del> Aparing for gos wells, and a limiting gos - wil mation of 4000 to one.

-2-CASE NO. 4497 Order No. R-

(3) That pursuant to the previsions of Order No. R-4102, this case was reopened to allow the operators in the subject pool to show cause why the gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by the should not be discontinued.

(4) That the evidence presently available is insufficient to establish that the provision for 90 here spacing and promition where shall be a state of the state o

units should be continued permanently.

.

(5) That the evidence presently available is insufficient to establish whether or not the subject pool is in fact an associated reservoir.

(6) That the temporary Special Rules and Regulations for the Twin Lakes-San Andres Pool, promulgated by Order No. R-4102, should be continued in effect for an additional one-year period in order to allow the operators in the pool time to gather additional information concerning reservoir characteristics of the pool.

(7) That this case should be reopened at an examiner hearing in February, 1973, at which time the operators in the pool should appear and show cause why the Twin Lakes-San Andres Pool should not be developed on 40-acre spacing units and present evidence as to whether or not the subject pool is in fact. In associated reservoir.

(7) That this case should be reopened at an examiner hearing in February, 1973, at which time the operators in the subject pool shall show cause why the gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by this order should not be discontinued. -3-CASE NO. 4497 Order No. R-

# IT IS THEREFORE ORDERED:

(1) That the temporary Special Rules and Regulations for the Twin Lakes-San Andres Pool, promulgated by Order No. R-4102, are hereby continued in full force and effect for an additional one-year period.

(2) That this case shall be reopened at an examiner hearing in February, 1973, at which time the operators in the subject pool shall show cause why the gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by this order should not be discontinued.

(3) That jurisdiction of this cause is 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.