

CASE 1779: Application of JAL OIL CO.
for exception to overproduction shut-
in provisions of R-520, as amended
by R-967 for 4 wells in Jalmat Pool.

Case No.

1779

Application, Transcript,
Small Exhibits, Etc.

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. 1779
Order No. R-1019

APPLICATION OF JAL OIL COMPANY
FOR AN ORDER PERMITTING SEVEN
OVERPRODUCED GAS WELLS IN THE
JALMAT GAS POOL, LEA COUNTY,
NEW MEXICO TO COMPENSATE FOR
SUCH OVERPRODUCTION AT A LESSER
RATE THAN COMPLETE SHUT-IN, AND
FURTHER FOR MINIMUM ALLOWABLE,
FOR TWO OTHER JALMAT GAS WELLS,
LEA COUNTY, NEW MEXICO, PURSUANT
TO ORDERS NOS. R-820 AND R-967

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 7, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1211 of the Commission Rules and Regulations.

Now, on this 10th day of October, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 original application in Case 1779 was for the consideration of seven wells, but that applicant requested at the hearing that one of the seven wells be dismissed from further consideration.

(3) That the following-described gas wells in the Jalmat Gas Pool, Lea County, New Mexico, are more than six times overproduced and are therefore subject to complete shut-in under the provisions of Orders Nos. R-820 and R-967:

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Order No. K-1517

TOWNSHIP 25 SOUTH, RANGE 37 EAST, N.M.P.
Legal Well No. 2, NE/4 SE/4 of Section 31
Dyer Well No. 3, SE/4 NE/4 of Section 31
Jenkins Well No. 1, SW/4 SE/4 of Section 29
Repollo Well No. 1, SW/4 NW/4 of Section 28

(4) That due to extreme liquid problems, the applicant seeks an order permitting the overproduction to be made up at a lesser rate than complete shut-in in order to preclude permanent injury to the subject wells.

(5) That the applicant should be permitted to produce each of the subject wells at a monthly rate equal to seventy-five percent of the well's current allowable or at a monthly rate equal to seventy-five percent of the well's average monthly allowable for the preceding six month production period, whichever is greater.

(6) That the curtailed rate of production to compensate for overproduction as hereinabove prescribed should be adequate to prevent injury to the well or producing formation.

(7) That an administrative procedure should be established whereby the Secretary-Director of the Commission may authorize the operator to compensate for overproduction at a lesser rate than that provided in this order upon a satisfactory showing that the rate prescribed would result in permanent damage to the well and/or producing formation.

(8) That the Secretary-Director should be authorized to order that tests be made to determine whether the subject wells may be produced at a lesser rate than that prescribed by this order without permanent injury to the well and/or producing formation and, if the test results so indicate, the Secretary-Director should be authorized to order the production rate curtailed below that herein prescribed.

(9) That any tests made to determine the minimum safe flow rate should be witnessed by a representative of the Commission.

(10) That the following-described gas wells in the Jalmat Gas Pool, Lea County, New Mexico are substantially in balance.

Owens Well No. 1, SW/4 SE/4 of Section 21
Township 25 South, Range 37 East, N.M.P.

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Order No. R-1819

Atkins Well No. 2, SE/4 NE/4 of Section 36,
Township 24 South, Range 36 East, N.M.

(11) That due to severe liquid problems, the applicant seeks an order allotting minimum allowables to the above-described two wells pursuant to Rule 8 of Order No. R-967 amending Order No. R-822, the applicable portion of which provides as follows:

"The Commission may assign minimum allowables in order to prevent the premature abandonment of wells."

(12) That since the two wells for which minimum allowables were requested are substantially in balance, the applicant has failed to show the necessity of granting them allowables in excess of those now assigned to the subject wells.

IT IS THEREFORE ORDERED:

(1) That the operator be and the same is hereby authorized to compensate for the overproduction of the following-described gas wells in the Jalmat Gas Pool, Lea County, New Mexico, by producing each of them at a monthly rate equal to seventy-five percent of the well's current monthly allowable or at a monthly rate equal to seventy-five percent of the well's average monthly allowable for the preceding six-month proration period, whichever is greater:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, N.M.
Legal Well No. 2, NE/4 SE/4 of Section 31
Dyer Well No. 3, SE/4 NE/4 of Section 31
Jenkins Well No. 1, SW/4 SE/4 of Section 29
Repollo Well No. 1, SE/4 NW/4 of Section 28

PROVIDED HOWEVER, That an administrative procedure be and the same is hereby established wherein the Secretary-Director is authorized to set the percentage of curtailment at a lesser rate than that herein prescribed upon a satisfactory showing by the operator that the rate for compensating for overproduction as set forth in this order would result in permanent damage to the well and/or producing formation.

PROVIDED FURTHER, That the Secretary-Director be and the same is hereby authorized to order that tests be made to determine whether the subject wells may be produced at a lesser rate than that prescribed by this order without permanent injury to the well and/or producing formation, and, if the test results so indicate, the Secretary-Director is hereby authorized to order the production rate curtailed below that rate herein prescribed.

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Order No. R-1512

PROVIDED FURTHER, that any tests made to determine the minimum safe flow rate shall be witnessed by a representative of the Commission.

(2) That the minimum allowables sought by the applicant for the following-described wells be and the same are hereby denied:

Javens Well No. 1, SE/4 SE/4 of Section 21
Township 25 South, Range 37 East, M.P.M.

Watkins Well No. 2, SE/4 NE/4 of Section 35,
Township 24 South, Range 36 East, M.P.M.

(3) That the effective date of this order is November 1, 1959.

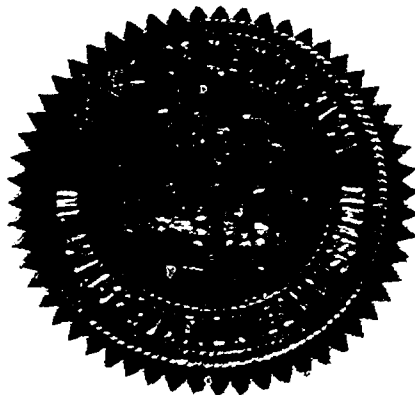
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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



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