CASE 1939:

NORTHWESTERN NEW MEXICO
NOMENCLATURE

Case No.

1939

Application, Transcript,
Small Exhibits, Etc.

1939

NMOCC Exhibit No. 1
Case No. 1939

Recommendation for the nomenclature case for Northwest New Mexico for the April hearing, 1960:

(a) Create a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Gallup production, designated as the Chiquito-Gallup Oil Pool and described as:

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM
Section 5: NE/4

based on:

Intex Oil Co. #1 USL Alto
B-5-26N-1E
T.D. 1958;
IP 130 BOPD
Top Perforation (cased to) 1785'
Completed 1-17-60

(b) Extend the Pine Lake-Pictured Cliffs Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 30: All (partial)

based on:

Mountain States #30 Federal "F"
P-30-26N-2W
AOF 11,400 MCFPD; SICP 1037/7 days

(c) Extend the Tapacito-Pictured Cliffs Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
Section 12: SW/4
Section 13: NW/4

based on:

EPNG #39-12 SJU 27-5
N-12-27N-5W
AOF 1569 MCFPD; SICP 1050/7 days

(d) Extend the West Kutz-Pictured Cliffs Pool boundary in San Juan County New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
Section 9: SE/4

based on:

Fundingsland #1 Tidal
I-9-27N-12W
AOF 325 MCFPD; SICP 379/7 days

(e) Extend the Blanco-Mesaverde Pool boundary in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM
Section 26; W/2

based on:

Consolidated Oil & Gas #1 Ripley
N-26-32N-13W
AOF 1670 MCFPD; SICP 1119/14 days

(f) Extend the Angels Peak-Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 19, SE/4
Section 29, NW/4
Section 30, NE/4

based on:

Frontier #2 Evensen Government
P-19-27N-10W
IP 4217 MCFPD; SICP 1260

(g) Extend the Horseshoe-Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM
Section 10, S/2 SW/4

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
Section 27; SE/4 NW/4; NE/4 SW/4; and SE/4

based on:

Pan American #2 Aidlin "D"
N-10-30N-16W
IP 85 BOPD

EPNG Products #37 Horseshoe Ute
F-27-31N-16W
IP 36 BOPD

EPNG Products #32 Horseshoe Ute
J-27-31N-16W
IP 45 BOPD

EPNG Products #35 Horseshoe Ute
K-27-31N-16W
IP 37 BOPD

EPNG Products #33 Horseshoe Ute
O-27-31N-16W
IP 47 BOPD

EPNG Products #36 Horseshoe Ute
P-27-31N-16W
IP 28 BOPD

(h) Extend the Verde-Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
Section 30: S/2 SE/4
Section 31: NE/4 NE/4

based on:

Three States #8 Tribal
A-31-31N-14W
IP 144 BOPD

(i) Extend the Angels Peak-Dakota Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM
Section 6: W/2
Section 7: W/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM
Section 1: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 19; E/2
Section 20: All

based on:

EPNG #92 Huerfano Unit
F-7-26N-9W
AOF 2091 MCFPD; SITP 1721/15 days

EPNG #108 Huerfano Unit
E-1-26N-10W
AOF 5434 MCFPD; SITP 1877/14 days

Frontier #2 Evensen Government
P-19-27N-10W
AOF 6710 MCFPD; SITP 2058/7 days

(j) Extend the South Blanco-Dakota Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM
Section 19: W/2
Section 27: S/2

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM
Section 24: S/2

based on:

EPNG #126 Rincon Unit
N-27-27N-6W
AOF 4016 MCFPD; SITP 2134/8 days

EPNG #137 Rincon Unit
K-24-27N-7W
AOF 9263 MCFPD; SITP 2349/19 days

(k) Extend the West Kutz-Dakota Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM
Section 9: All (partial)
Section 10: All (partial)
Section 15: All
Section 16: N/2

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
Section 27: All
Section 28: All
Section 33: All
Section 34: W/2

based on:

Tennessee Gas #8 Callow
O-27-29N-13W
AOF 5640 MCFPD

Tennessee Gas #11 Callow
F-28-29N-13W
AOF 5600 MCFPD; SITP 2018/8 days

Tennessee Gas #9 Callow
I-28-29N-13W
AOF 5265 MCFPD; SITP 2014/16 days

Tennessee Gas #12 Callow
C-33-29N-13W
AOF 4904 MCFPD; SITP 2020/7 days

Southwest Production #1 Callow
I-33-29N-13W
AOF 5331 MCFPD

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER

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

1000 RIO BRAZOS ROAD
AZTEC

March 14, 1960

Mrs. Ida Rodriguez
Oil Conservation Commission
Santa Fe, New Mexico

Re: Northwest Nomenclature Case
April Hearing, 1960

Dear Ida:

The ad for subject case should include the following:

Create a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Gallup production, designated as the Chiquito-Gallup Oil Pool. ($NE\frac{1}{4}$ Section 5-26N-1E).

Extend the following pools:

Rio Arriba County:

Pine Lake-Pictured Cliffs Pool
Tapacito-Pictured Cliffs Pool
South Blanco-Dakota Pool

San Juan County:

West Kutz-Pictured Cliffs Pool
Angels Peak-Gallup Oil Pool
Horseshoe-Gallup Oil Pool
Verde-Gallup Oil Pool
Angels Peak-Dakota Pool
West Kutz-Dakota Pool

Rio Arriba and San Juan Counties:

Blanco-Mesaverde Pool

Paragraphs showing acreage will follow shortly.

Yours very truly

A. R. Kendrick
Engineer, Dist. #3

ARK:ks

INTEX OIL COMPANY
531 CALIFORNIA AVENUE
MAILING ADDRESS P. O. BOX 1411
BAKERSFIELD, CALIFORNIA

April 1, 1960

State of New Mexico
Oil Conservation Commission
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

We understand that your Commission plans to have a hearing on April 13, 1960, to determine the name which is to be used for our so-called "Puerto Chiquito" oil pool in Rio Arriba County, New Mexico.

In this connection Intex Oil Company would sincerely appreciate your favorable consideration of the name "Puerto Chiquito" since all of its correspondence, agreements, and accounting records have been set up using this name. In addition, all of our correspondence with the United States Geological Survey relating to this area and to [illegible] proposed unit carries the name of "Puerto Chiquito".

It was our intention by this letter to let you know our desire in this matter and in the event you feel it necessary that a representative from this company be present at the meeting of April 13, would you please let us know.

Very truly yours,

INTEX OIL COMPANY

W. H. Laird,
Vice President

WHL:sb

cc: Mr. Emery C. Arnold,
Supervisor, District No. 3
1000 Rio Brazos Road
Aztec, New Mexico

No. 11-60

DOCKET: REGULAR HEARING APRIL 13, 1960

OIL CONSERVATION COMMISSION - 9 a.m. - HOBBS AUDITORIUM, 1300 EAST SCHARBAUER

HOBBS, NEW MEXICO

ALLOWABLE: (1) Consideration of the oil allowable for May, 1960

(2) Consideration of the allowable production of gas for May, 1960 from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for May, 1960.

CASE 1934: In the matter concerning purchaser prorationing by Indiana Oil Purchasing Company in all oil pools from which it purchases in New Mexico.

CASE 1935: In the matter concerning purchaser prorationing by Sinclair Crude Oil Company in all oil pools from which it purchases in New Mexico.

CASE 1936: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider changing the date of the Regular Commission Hearing in June, 1960, from the 15th to the 10th.

CASE 1937: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider consolidating the rules governing the six prorated gas pools in Southeast New Mexico into one order, and to consider consolidating the rules governing the seven prorated gas pools in Northwest New Mexico into one order.

CASE 1938: Southeastern New Mexico nomenclature case calling for an order creating new pools and extending existing pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

(a) Create a new pool classified as an oil pool for San Andres production, designated as the Button Mesa-San Andres Pool, and described as:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
SECTION 20: NE/4

(b) Create a new pool classified as an oil pool for San Andres production, designated as the Echol-San Andres Pool, and described as:

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
SECTION 8: NW/4

(c) Create a new pool classified as an oil pool for Wolfcamp production, designated as the Echol-Wolfcamp Pool, and described as:

TOWNSHIP 11 SOUTH, RANGE 38 EAST, NMPM
SECTION 16: NW/4

(d) Create a new pool classified as an oil pool for Devonian production, designated as the Reeves-Devonian Pool, and described as:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
SECTION 24: NW/4

(e) Extend the Bluitt-Pennsylvanian Pool to include:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
SECTION 24: NE/4

(f) Extend the Caprock-Queen Pool to include:

TOWNSHIP 13 SOUTH, RANGE 31 EAST, NMPM
SECTION 3: SE/4

(g) Extend the West Crossroads-San Andres Pool to include:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
SECTION 20: E/2

(h) Extend the East Dayton (Grayburg) Pool to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
SECTION 28: NW/4
SECTION 29: NE/4

(i) Extend the Empire-Abo Pool to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
SECTION 33: SW/4

(j) Extend the North Hackberry-Yates Pool to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
SECTION 20: SE/4
SECTION 29: N/2 NE/4 and NE/4 NW/4

(k) Extend the East Hightower-Devonian Gas Pool to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
SECTION 30: E/2 NE/4

(l) Extend the Hume-Queen Pool to include:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
SECTION 7: NE/4

(m) Extend the Jalmat Gas Pool to include:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
SECTION 3: N/2

(n) Extend the Leamex-Pennsylvanian Pool to include:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
SECTION 25: NE/4

(o) Extend the Pearl-Queen Pool to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
SECTION 34: SE/4

(p) Extend the Ranger Lake-Pennsylvanian Pool to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
SECTION 22: SE/4

(q) Extend the East Red Lake-Queen Pool to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
SECTION 2: W/2 NE/4

(r) Extend the Sawyer-San Andres Gas Pool to include:

TOWNSHIP 10 SOUTH, RANGE 38 EAST, NMPM
SECTION 4: NW/4

(s) Extend the Sugart-Pennsylvanian Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
SECTION 26: S/2
SECTION 27: SE/4

(t) Extend the Tubb Gas Pool to include:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
SECTION 28: SW/4

(u) Extend the Turkey Track Pool to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
SECTION 23: N/2 and SE/4

CASE 1939: Northwestern New Mexico nomenclature case calling for an order creating new pools and extending existing pools in San Juan and Rio Arriba Counties, New Mexico.

(a) Create a new pool classified as an oil pool, designated as the Chiquito-Gallup Oil Pool and described as:

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM,
SECTION 5: NE/4

(b) Extend the Pine Lake-Pictured Cliffs Pool to include:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
SECTION 30: All (partial)

(c) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
SECTION 12: SW/4
SECTION 13: NW/4

(d) Extend the West Kutz-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
SECTION 9: SE/4

(e) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM
SECTION 26: W/2

(f) Extend the Angels Peak-Gallup Oil Pool to include:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
SECTION 19: SE/4
SECTION 29: NW/4
SECTION 30: NE/4

(g) Extend the Horseshoe-Gallup Oil Pool to include:

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM
SECTION 10: S/2 SW/4

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
SECTION 27: SE/4 NW/4, NE/4 SW/4, & SE/4

(h) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
SECTION 30: S/2 SE/4
SECTION 31: NE/4 NE/4

(i) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM
SECTION 6: W/2
SECTION 7: W/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM
SECTION 1: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
SECTION 19: E/2
SECTION 20: All

(j) Extend the South Blanco-Dakota Pool to include:

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM
SECTION 19: W/2
SECTION 27: S/2

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM
SECTION 24: S/2

(k) Extend the West Kutz-Dakota Pool to include:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM
SECTION 9: All (partial)
SECTION 10: All (partial)
SECTION 15: All
SECTION 16: N/2

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
SECTION 27: All
SECTION 28: All
SECTION 33: All
SECTION 34: W/2

CASE 1893: (De Novo)

Application of Petro-Atlas, Inc. for a hearing de novo before the Oil Conservation Commission in Case No. 1893, Order No. R-1619, which was an application to cancel the overproduction charged against one gas well in the South Blanco-Pictured Cliffs Pool, San Juan County, New Mexico. Said Order No. R-1619 denied the requested relief.

ig/

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. 1939
Order No. R-1653

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER CREATING AND EXTENDING CERTAIN
POOLS IN RIO ARRIBA AND SAN JUAN COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 13, 1960, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th day of April, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 there is need for the creation of a new pool in Rio Arriba County, New Mexico, for the production of oil from the Gallup formation, said pool to bear the designation Puerto Chiquito-Gallup Oil Pool. Said Puerto Chiquito-Gallup Oil Pool was discovered by Intex Oil Company USL Alto Well No. 1, located in the NW/4 NE/4, Section 5, Township 26 North, Range 1 East, NMPM. It was completed January 17, 1960. The top of the perforations is at 1785 feet.

(3) That there is need for certain extensions to the Pine Lake-Pictured Cliffs Pool, the Tapacito-Pictured Cliffs Pool and the South Blanco-Dakota Pool, all in Rio Arriba County, New Mexico; to the West Kutz-Pictured Cliffs Pool, the Angels Peak-Gallup Oil Pool, the Horseshoe-Gallup Oil Pool, the Verde-Gallup Oil Pool, the Angels Peak-Dakota Pool and the West Kutz-Dakota Pool, all in San Juan County, New Mexico; and to the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico.

IT IS THEREFORE ORDERED:

(a) That a new pool in Rio Arriba County, New Mexico,

classified as an oil pool for Gallup production, be and the same is hereby created and designated as the Puerto-Chiquito-Gallup Oil Pool, consisting of the following described area:

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM
Section 5: NE/4

(b) That the Pine Lake-Pictured Cliffs Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, be and the same is hereby extended to include therein:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 30: All (Partial)

(c) That the Tapacito-Pictured Cliffs Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
Section 12: SW/4
Section 13: NW/4

(d) That the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
Section 9: SE/4

(e) That the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM
Section 26: W/2

(f) That the Angels Peak-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 19: SE/4
Section 29: NW/4
Section 30: NE/4

(g) That the Horseshoe-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM
Section 10: S/2 SW/4

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
Section 27: SE/4 NW/4; NE/4 SW/4; and SE/4

(h) That the Verde-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
Section 30: S/2 SE/4
Section 31: NE/4 NE/4

(i) That the Angels Peak-Dakota Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM
Section 6: W/2
Section 7: W/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM
Section 1: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 19: E/2
Section 20: All

(j) That the South Blanco-Dakota Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM
Section 19: W/2
Section 27: S/2

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM
Section 24: S/2

(k) That the West Kutz-Dakota Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM
Section 9: All (Partial)
Section 10: All (Partial)
Section 15: All
Section 16: N/2

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
Section 27: All
Section 28: All
Section 33: All
Section 34: W/2

IT IS FURTHER ORDERED:

That the effective date of this order and all creations and extensions included herein, shall be May 1, 1960.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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

esr/

JBK

Case 1939

(a) Create a new pool in Rio Arriba County,

New Mexico, classified as an oil pool for Gallup

production, designated as the Puerto Chiquito - Gallup Oil Pool and

described as:

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM,
Section 5: NE/4

Based on:

Intex Oil Co. #1 USL Alto
8-5-26N-1E
IP 130 BOPD
T.D. 1958'
Top Perforation (cased to) 1785'
Completed: 1/17/60

(b) Extend the Pine Lake - Pictured Cliffs Pool

boundary in Rio,Arriba Count Y,

New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM,
Section 30: All (partial) ✓

Based on:

Mountain States #30 Federal "F"
P-30-26N-2W
AOF 11,400 MCFPD: SICP 1037/7 ~~xdys~~ days

(c) Extend the Tapacito - Pictured Cliffs Pool

boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM,
Section 12: SW/4
Section 13 NW/4

Based on: EPNG
XRMM #39-12 SJU 27-5
N-12-27N-5W
AOF 1569 MCFPD: SICP 1050/ 7 days

(d) Extend the West Kutz - Pictured Cliffs Pool

boundary in San Juan Count y ,

New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM,
Section 9: SE/4 ✓

Basdd on:

Fundingsland #1 Tidal
I-9-27N-12W
AOF 325 MCFPD: SICP 379/ 7 days

(e) Extend the Blanco - Mesaverde Pool boundary in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM.
Section 26: W/2 ✓

Based on:

Consolidated Oil & Gas #1 Ripley
N-26-32N-13W
AOF 1670 MCFPDE SICP 1119/ 14 days

(f) Extend the Angels Peak - Gallup Oil Pool

boundary in San Juan Count y ,

New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM,
Section 19: SE/4 ✓
Section 29: NW/4 ✓
Section 30: NE/4 ✓

Based on:

Frontier #2 Evensen Gov'T
P-19-27N-10W
IP 4217 MCFPD; SICP 1260

(g) Extend the Horseshoe - Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM.
Section 10: S/2 SW/4

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM.
Section 27: SE/4 NW/4, NE/4 SW/4, & SE/4

Based on:

Pan American #2 Aldlin "B"
N-10-30N-16W
IP 85 BOPD

EPNG Prod. #37 Horseshoe Ute
F-27-31N-16W
IP 36 BOPD

EPNG Prod. #32 Horseshoe Ute
J-27-31N-16W
IP 45 BOPD

EPNG Prod. #35 Horseshoe Ute
K-27-31N-16W
IP 37 BOPD

EPNG Prod. #33 Horseshoe Ute
O-27-31N-16W
IP 47 BOPD

EPNG Prod. #36 Horseshoe Ute
P-27-31N-16W
IP 28 BOPD

(h) Extend the Verde - Gallup Oil

boundary in San Juan Pool

New Mexico, to include therein: County,

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM.
Section 30: S/2 SE/4
Section 31: NE/4 NE/4

Basedon:

Three States #8 Tribal
A-31-31N-14W
IP 144 BOPD

(1) Extend the Angels Peak - Dakota Pool

boundary in San Juan County,

New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM,
Section 6: W/2
Section 7: W/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM,
Section 1: All
~~XXXXXXXX~~

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM,
Section 19: E/2
Section 20: All

Based on:

EPNG #92 Huerfano Unit
F-7-26N-9W
AOF 2091 MCFPD: SITP 1721/ 15 days

EPNG # 108 Huerfano Unit
E-1-26N-10W
AOF 5435 MCFPD: SITP 1877/ 14 days

Frontier E #2 Evensen Gov't
P-19-27N-10W
AOF 6710 MCFPD: SITP 2058/ 7 days

(J) Extend the South Blanco - Dakota Pool

boundary in Rio Arriba County,

New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM,
Section 19: W/2 ✓
Section 27: S/2 ✓

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM,
Section 24: S/2 ✓

Based on:

EPNG #126 Rincon Unit
N-27-27N-6W
AOF 4016 MCFPD: SITP 2134/ 8 days

EPNG #137 Rincon Unit
K-24-27N-7W
AOF 9263 MCFPD: SITP 2349/ 19 days

(k) Extend the West Kutz - Dakota Pool

boundary in San Juan Count y,

New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM,
Section 9: All (partial)
Section 10: All (partial)
Section 15: All
Section 16: N/2

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM,
Section 27: All
Section 28: All
Section 33: All
Section 34: W/2

Based on:

Tennessee Gas #8 Callow
O-27-29N-13W
AOF 5640 MCFPD: SIXR

Tennessee Gas #11 Callow
F-28-29N-13W
AOF 5600 MCFPD: SITP 2018 MXRXX/ 8 days

Tennessee Gas #9 Callow
I-28-29N-13W
AOF 5265 MCFPD: SITP 2014 / 16 days

Tennessee Gas #

Tennessee Gas #12 Callow
C-33-29N-13W
AOF MX 4904 MCFPD: SITP 2020/ 7 days

Southwest Production #3 #1 Callow
I-33-29N-13W
AOF 5331 MCFPD

BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
APRIL 13, 1960

IN THE MATTER OF:

CASE 1939 Northwestern New Mexico nomenclature case calling for an order creating new pools and extending existing pools in San Juan and Rio Arriba Counties, New Mexico.

(a) Create a new pool classified as an oil pool, designated as the Chiquito-Gallup Oil Pool and described as:

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM.
SECTION 5: NE/4

(b) Extend the Pine Lake-Pictured Cliffs Pool to include:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
SECTION 30: All (partial)

(c) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
SECTION 12: SW/4
SECTION 13: NW/4

(d) Extend the West Kutz-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
SECTION 9: SE/4

(e) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM
SECTION 26: W/2

(f) Extend the Angels Peak-Gallup Oil Pool to include:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
SECTION 19: SE/4
SECTION 29: NW/4
SECTION 30: NE/4

(g) Extend the Horseshoe-Gallup Oil Pool to include:

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM
SECTION 10: S/2 SW/4

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
SECTION 27: SE/4 NW/4, NE/4 SW/4, & SE/4

(h) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
SECTION 30: S/2 SE/4
SECTION 31: NE/4 NE/4

(i) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM
SECTION 6: W/2
SECTION 7: W/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM
SECTION 1: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
SECTION 19: E/2
SECTION 20: All

(j) Extend the South Blanco-Dakota Pool to include:

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM
SECTION 19: W/2
SECTION 27: S/2

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM
SECTION 24: S/2

(k) Extend the West Kutz-Dakota Pool to include:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM	
SECTION 9:	All (partial)
SECTION 10:	All (partial)
SECTION 15:	All
SECTION 16:	N/2
TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM	
SECTION 27:	All
SECTION 28:	All
SECTION 33:	All
SECTION 34:	W/2

BEFORE:

John Burroughs
~~Daniel S. Nutter~~
A. L. Porter

T R A N S C R I P T O F P R O C E E D I N G S

MR. PORTER: The meeting will come to order, please. At this time, in order to release a witness, we are going to take the Northwestern nomenclature case, Case 1939.

MR. PAYNE: Case 1939. Northwestern New Mexico nomenclature case.

(Witness sworn)

E. C. ARNOLD,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. PAYNE:

Q Please state your name and position.

A E. C. Arnold. supervisor District Supply, New Mexico Oil Conservation Commission.

Q Mr. Arnold, in your official capacity for the Commission, have you made a study concerning the necessity or desirability for creating new pools and extending existing pools of San Juan and Rio Arriba Counties, New Mexico?

A Yes, I have.

Q What are your recommendations concerning the creation of a new pool for Gallup production?

A I recommend a new pool in Rio Arriba County, New Mexico be created and designated as a Puerto Chiquito-Gallup Oil Pool.

Q You have added the Puerto since the docket was printed?

A Yes. I added this Puerto at the request of the Intex Oil Company who drilled a discovery well in this pool. I recommend that the horizontal limits of this pool be Township 26 North, Range 1 East, Section 5: NE/4. Discovery well in this pool was the Intex Oil Company #1 USL Alto, Unit B-5-26 North, 1 East. Total depth, 1958 feet. Top perforation 1785.

Q What do you recommend for the vertical limit?

A I recommend the vertical limit at the present time be the Gallup formation.

Q Is this well in the Mancos shale?

A This well is in a fractured section of the Mancos shale; actually, it corresponds to the Gallup section of the Mancos Shelf.

Q What are your recommendations concerning the extension of the Pine Lake-Pictured Cliffs Pool?

A I recommend that the Pine Lake-Pictured Cliffs Pool be extended as shown in Paragraph (b), Exhibit 1, on the basis of one well completed in this pool.

Q What are your recommendations concerning the extension of the Tapacito-Pictured Cliffs Pool?

A I recommend that this Pool be extended as shown in Paragraph (c), Exhibit 1, on the basis of one well which has been completed in this Pool.

Q What are your recommendations concerning the extension of the West Kutz-Pictured Cliffs Pool?

A I recommend the West Kutz-Pictured Cliffs Pool be extended as shown in Paragraph (d), Exhibit 1, on the basis of one well completed in this Pool.

Q What are your recommendations concerning the extension of the Blanco-Mesaverde Pool?

A I recommend the Blanco-Mesaverde Pool be extended as shown in Paragraph (e), Exhibit 1, on the basis of one well completed in this Pool.

Q What are your recommendations concerning the extension of the Angels Peak-Gallup Oil Pool?

A I recommend that this Pool be extended as shown in Paragraph (f), on the basis of one well completed in this Pool.

Q What are your recommendations concerning the extension of the Horseshoe-Gallup Oil Pool?

A I recommend the Horseshoe-Gallup Oil Pool be extended as

shown in Paragraph (g), Exhibit 1, on the basis of six wells which have been completed in this Pool.

Q What are your recommendations concerning the extension of the Verde-Gallup Oil Pool?

A I recommend that the Verde-Gallup Oil Pool be extended as shown in Paragraph (h), Exhibit 1, on the basis of one well, which has been completed in this Pool.

Q What are your recommendations concerning the extension of the Angels Peak-Dakota Pool?

A I recommend the Angels Peak-Dakota Pool be extended as shown in Paragraph (i), Exhibit 1, on the basis of three wells completed in this Pool.

Q What are your recommendations concerning the extension of the South Blanco-Dakota Pool?

A I recommend the South Blanco-Dakota Pool be extended as shown in Paragraph (j), Exhibit 1, on the basis of two wells completed in this pool.

Q What are your recommendations concerning the extension of the West Kutz-Dakota Pool?

A I recommend the West Kutz-Dakota Pool be extended as shown in Paragraph (k), Exhibit 1, on the basis of five wells completed in this Pool.

Q Mr. Arnold, have you prepared an Exhibit substantiating your recommendations?

A Yes. I have marked the Exhibit No. 1, Case 1939.

MR. PAYNE: Mr. Commissioner, we move the introduction of Exhibit 1, Case 1939.

MR. PORTER: Without objection, the Exhibit will be admitted. Does anyone have a question of the witness? The witness may be excused.

(Witness excused)

MR. PORTER: If there is nothing further to be offered in this case, we will take the case under advisement.

* * *

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, THOMAS T. TOMKO, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 21st day of April, A.D.1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Thomas T. Tomko
Notary Public

My Commission Expires:

January 7, 1964

RAFT

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. 1939

Order No. R- 1653

The Application of the Oil
Conservation Commission Upon
Its Own Motion for An Order Creating
and Extending Certain Pools in
Rio Arriba and San Juan
Counties, New Mexico

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 13, 1960, at ~~Santa Fe~~ Hobbs, ~~New Mexico~~, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of April, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

- - -

This cause came on for hearing at 9 o'clock a.m. on _____, 1960, at Santa Fe, New Mexico, before _____, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of _____, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, 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 sub-

[redacted]

(2) That there is need for the creation of a new pool in Rio Arriba Count y, New Mexico, for the production of Oil from the Gallup formation, said pool to bear the designation Puerto Chiquito-Gallup Oil Pool. Said Puerto Chiquito-Gallup Oil Pool was discovered by Inter Oil Company USL Alto Well No. 1, located in the NW/4 NE/4, Section 5, Township 26 North, Range 1 East, NMPM. It was completed January 17, 1960. The top of the perforations is at 1785 feet.

[redacted]

(3) That there is need for certain extensions to the Pine Lake - Pictured Cliffs Pool, the Tapacito - Pictured ~~Pi~~ Cliffs Pool and the South Blanco - Dakota Pool, all in Rio Arriba County, New Mexico; to the West Kutz - Pictured Cliffs Pool, the Angels Peak - Gallup Oil Pool, the Horseshoe - Gallup Oil Pool, the Verde - Gallup Oil Pool, the Angels Peak - Dakota Pool and the West Kutz - Dakota Pool, all in San Juan County, New Mexico; and to the Blanco - Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico.

~~It is Hereby~~

IT IS THEREFORE Ordered:

(a) That a new pool in ~~San Juan~~ Rio Arriba
County Y, New Mexico, classified as an Oil pool for Gallup
production, be and the same is hereby created and designated as the Puerto Chiquito-
Gallup Oil Pool, consisting of the following described area:

Township 26 North, Range 1 East, NMPM
Section 5: NE/4

(b) That the Pine Lake-Pictured Cliffs Pool in Rio Arriba
County Y, New Mexico, as heretofore classified, defined, and described, be and the
same is hereby extended to include therein:

Township 26 North, Range 2 West, NMPM
Section 30: All (Partial)

(c) That the Tapacito-Pictured Cliffs Pool in Rio Arriba
County Y, New Mexico, as heretofore classified, defined, and described, be and the
same is hereby extended to include therein:

Township 27 North, Range 5 West, NMPM
Section 12: SW/4
Section 13: NW/4

(d) That the West Kutz-Pictured Cliffs Pool in San Juan
County Y, New Mexico, as heretofore classified, defined, and described, be and the
same is hereby extended to include therein:

Township 27 North, Range 12 West, NMPM
Section 9: SE/4

(e) That the Blanco-Mesaverde Pool in Rio Arriba and San Juan
Counties, New Mexico, as heretofore classified, defined, and described, be and the
same is hereby extended to include therein:

Township 32 North, Range 13 West, NMPM
Section 26 X: W/2

(f) That the Angels Peak - Gallup Oil Pool in San Juan Count y, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

Township 27 North, Range 10 West, NMPM
Section 19: SE/4
Section 29: NW/4
Section 30: NE/4

(g) That the Horseshoe - Gallup Oil Pool in San Juan Count y, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

Township 30 North, Range 16 West, NMPM
Section 10: S/2 SW/4

Township 31 North, Range 16 West, NMPM
Section 27: SE/4 NW/4; NE/4 SW/4; and SE/4

(h) That the Verde - Gallup Oil Pool in San Juan Count y, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

Township 31 North, Range 14 West, NMPM
Section 30: S/2 SE/4
Section 31: NE/4 NE/4

(i) That the Angels Peak - Dakota Pool in San Juan Count y, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

Township 26 North, Range 9 West, NMPM
Section 6: W/2
Section 7: W/2

Township 26 North, Range 10 West, NMPM
Section 1: All

Township 27 North, Range 10 West, NMPM
Section 19: E/2
Section 20: All

(j) That the South Blanco-Dakota Pool in Rio Arriba Count y, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

Township 27 North, Range 6 West, NMPM

Section 19: W/2
Section 27: S/2

Township 27 North, Range 7 West, NMPM

Section 24: S/2

(k) That the West Kutz-Dakota Pool in San Juan Count y, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein:

Township 28 North, Range 13 West, NMPM

Section 9: All (Partial)
Section 10: All (Partial)
Section 15: All
Section 16: N/2

Township 29 North, Range 13 West, NMPM

Section 27: All
Section 28: All
Section 33: All
Section 34: W/2

Case No.

1939

Application, Transcript,
Small Exhibits, Etc.

INDEX OF ORDERS COVERING BLINEBRY GAS POOL

Date	Order	Summary
Feb. 17, 1953	R-264	Creates Blinebry Gas Pool. Defines Horizontal and Vertical Limits.
Nov. 10, 1953	R-264-A	Revises vertical limits set out in R-264. These are further revised by R-464.
Sept. 28, 1953	R-372	Establishes R-356 as rules applicable to Blinebry Gas Pool pending further Order.
Nov. 10, 1953	R-372-A	Special Pool Rules for Blinebry. This order must be considered to replace R-372 even though there is no specific reference to that effect.
May 27, 1954	R-464	Revises vertical limits and requires stage separation of produced stream.
Apr. 11, 1955	R-610	Special Pool Rules for Blinebry. This must be considered to replace R-372-A even though there is no specific reference to that effect.
Apr. 11, 1955	R-610-A	Revises horizontal limits
Apr. 11, 1955	R-610-B	Specifically revises rule 18 of R-610 defining gas wells.
Jan. 9, 1956	R-610-C	Reaffirms R-610, R-610-A, and R-610-B.
Feb. 26, 1957	R-610-D	Reaffirms R-610, R-610-A, R-610-B, and R-610-C.
Apr. 23, 1957	R-967	Specifically amends R-610 for rules 10, 12, 12-A, 13, and 14.

Note: It appears that the base order in effect is R-610 as amended by R-610-B (Rule 15 only) and R-967 and with addition of special rules of R-464. With exception of Findings, other orders should probably be disregarded.

"DRAFT OF CONSOLIDATED POOL RULES FOR BLINEBRY GAS POOL"

ORDERED

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Blinebry Gas Pool, the Blinebry Oil Pool and the Terry-Blinebry Oil Pool shall be the areas described in Exhibits "A", "B" and "C", attached hereto and made a part hereof.

(Taken from R-610; Stated also in Rule 27 of R-610 where only reference is to "Blinebry Gas Pool" - Probably work into general portion)

(2) That the vertical limits of the Blinebry Gas Pool and the Blinebry Oil Pool shall extend from a point 75 feet above the "Blinebry Marker" to a point 300 feet below the "Blinebry Marker".

(Taken from R-610; Stated again with Blinebry Marker defined near end of this order, in form that it appeared in R-464 - Special Pool Rule)

(3) That special pool rules applicable to the Blinebry Gas Pool should be, and the same hereby are promulgated as follows:

(Taken from R-610)

SPECIAL RULES AND REGULATIONS FOR THE BLINEBRY GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Blinebry Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Blinebry Gas Pool shall be [illegible] that provided for conformity with the regulations in effect in the Blinebry Gas Pool.

(Taken from R-610; previously appeared in R-464-A in slightly different language - Probably general provision)

RULE 3: The Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320-1980-foot radius of the subject well a copy of the application to the Commission. Applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operator. In the event an operator objects to the unorthodox location, the Commission shall consider the matter only after proper notice and hearing.

(Taken from R-610; originally appeared in R-372-A as Rule h with slightly different language and 10 day waiting period - Probably general provision)

RULE 4: The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Blinebry Gas Pool located in Lea County, New Mexico.

(Taken from R-610; originally in exact language in R-372-A as Rule) - Probably general provision)

Gas Proration:

RULE 5: (A) That acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Blinebry Gas Pool, a standard proration unit shall consist of between 158 and 162 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Survey; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (B) of this Rule.

(B) The Director of the Commission shall have authority to establish a non-standard gas proration unit by administrative action (without notice and hearing) where application has been filed in due form and where the following facts exist and the following provisions are complied with, without exception.

1. The non-standard proration unit will consist of contiguous quarter-quarter sections and/or lots, with a common side between any two adjacent quarter-quarter sections and/or lots.

2. The non-standard proration unit will lie wholly within a single governmental quarter section.

3. The entire non-standard proration unit may be reasonably assumed to be productive of gas from the Blinebry Gas Pool.

4. The length or width of the non-standard gas proration unit will not exceed 2640 feet.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the quarter section in which the non-standard gas proration unit is to be situated, which interest is not included in the proposed non-standard gas proration unit.

(b) All operators owning interests within 1500 feet of the well to which such non-standard gas proration unit is to be dedicated.

6. In lieu of the provisions of subparagraph 5 under Paragraph (B) of this rule, applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Director of the Commission may approve such application for administrative approval of a non-standard gas proration unit if, after a period of 30 days following the mailing of said notice, no operator has entered an objection to the formation of such non-standard gas proration unit.

(C) The allowable production from any non-standard gas proration unit so established shall be determined by multiplying the allowable which would be assigned to a standard unit, were such unit to be dedicated to a well, by the same factor as the acreage in such non-standard unit bears to a standard unit in the pool, provided, however, that the Secretary-Director may withhold approval of such non-standard unit, after giving notice and opportunity for hearing, when a well drilled or to be drilled thereon would be unduly affected by reason of its proximity to a well or wells producing from another pool, or would cause waste or violate correlative rights, and may grant approval of such non-standard unit upon such reasonable terms and conditions as may be necessary to prevent waste or protect correlative rights, including, but not limited to, the allocation of allowable production to such non-standard unit on a per well basis. In connection with any such non-standard unit, the Secretary-Director may require the operator to file a plat showing the ownership of all tracts offsetting such non-standard unit and identifying the tract or tracts included therein. (Non-standard units may be approved administratively when circumstances justify their formation and when the shape of such units is or can be standardized.)

RULE 6: Acreage dedicated to a gas well in the Blinebry Gas Pool shall not be simultaneously dedicated to an oil well in the Blinebry Oil Pool.

(Taken from R-610 - Special Rule)

RULE 7: In the event an oil well in the Blinebry Oil Pool is reclassified as a gas well in the Blinebry Gas Pool, the operator of such well will be afforded the opportunity to form a non-standard proration unit for the well; provided, however, that until such unit is formed, such well shall be allocated a gas allowable commensurate with the acreage contained in the unit formerly dedicated to the oil well in the Blinebry Oil Pool.

(Taken from R-610 - Special Rule)

RULE 8: In the event such reclassification should cause the occurrence of two gas wells producing from the Blinebry Gas Pool within a single proration unit, the sum total of the allowables allocated to the two wells shall be equivalent to that volume of gas allocated to a single proration unit; provided, however, that the operator of such wells shall have the option to determine the proportion of the assigned allowable to be produced by each individual well.

(Taken from R-610 - Special Rule)

[illegible] gas from the [illegible] Pool in excess of that authorized by prohibited.

(Taken from R-610 - Special Rule)

RULE 10 - R-610 General - omit from orders

(a) The Commission after notice and hearing, shall consider the nominations of purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production for the Blinebry Gas Pool.

(b) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

(Taken from R-967 which specifically amended R-610 for this rule; appeared in part in R-372-A as Rule 6 - Probably in general provisions with proviso to make acreage standard be the standard for the pool rather than restricting to only 160 acres)

General.

RULE 11: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Blinebry Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

(Taken from R-610; originally appeared in R-372-A as Rule 8 in this exact language - Probably general provision)

RULE 12 - R-610 General.

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blinebry Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the proratable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production placed on each well on the schedule. "Supplemental Nominations" shall be submitted on a form C-111-A as prescribed by the Commission.

The Commission shall [illegible] the gas wells in the Blinebry Gas Pool [illegible] gathering system, and shall [illegible] reasonably discriminate [illegible] which is reasonably [illegible]

the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

(Taken from R-967 which specifically amended R-610 for this rule; originally appeared with some differences in R-372-A as Rule 9 and the second paragraph of Rule 10; in R-372-A hearing dates are shown as between 15th and 20th - Probably general provision)

BALANCING OF PRODUCTION
RULE 12-A - R-610

General.

The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

(Taken from R-967 which specifically amended R-610 for this rule; originally appeared as a portion of Rule 10 in R-372-A- Definitely general provision)

RULE 13 - R-610 General.

Underproduction: Any non-marginal well which has an underproduced status as of the [illegible] proration period shall be allowed to carry underproduction forward into the [illegible] proration period and may produce such underproduction in addition to the allowable [illegible] underproduction carried forward into a gas [illegible] and during any proration period. The [illegible] of such gas proration period shall be cur[illegible]

RULE 14 - R-610 General.

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable assigned any well at the end of a proration period due to the cancellation of underage and the redistributed thereof shall be applied against the overproduction carried into said proration period.

(Taken from R-967 which specifically amended R-610 for this rule; originally appeared in abbreviated form with different conditions on balancing 6 month over-production in Rule 11 of R-372-A- General Provision)

Granting of Allowables

RULE 15: No gas well shall be given an allowable until Form C-104 and Form C-116 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

(Taken from R-610; originally appeared in exact language as Rule 12 of R-372-A - Probably general provision)

Combine with 15

RULE 16: Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Forms C-104 and Form C-116 and the plat described above, which-ever shall be earlier, provided said well has then been completed.

(Taken from R-610; originally appeared in exact language as Rule 13 of R-372-A - Probably general provision)

Reporting of Production

RULE 17: The monthly gas production from each 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 gas produced.

Each purchaser or taker of gas in the Blinebry Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable. The production of intermediate or low-pressure gas derived from the scrubbing of the well fluids shall not be charged against the well's gas allowable, provided that said intermediate or low-pressure gas is utilized in accordance with the provisions of Order R-464.

(Taken from R-610, originally appeared in very abbreviated form as Rule 14 of R-372-A - All but last paragraph or portions of same probably belong in general provisions - Portion of last paragraph probably should go in special pool provisions after deleting reference to order R-464 and substituting "as provided in Rule ____ of these special rules")

Special.

RULE [illegible]: "Gas well" in the Blinebry Gas Pool shall mean a well producing from within the vertical and horizontal limits of the Blinebry Gas Pool which:

(a) [illegible] hydrocarbons possessing a gravity greater than 51° API, or

(b) [illegible] hydrocarbons possessing a gravity of less than 51° API [illegible] a ratio of 12,000 cubic feet [illegible]

(Taken from R-610, which originally appeared this language for this rule in Rule 15 in R-372-A - Special [illegible])

RULE 19: A well producing from within the horizontal and vertical limits of the Blinebry Gas Pool and not classified as a gas well as defined in Rule 18, shall be classified as an oil well in the Blinebry Oil Pool.

(Taken from R-610 - Definitely special pool rule some question in my mind however about calling it Blinebry Oil Pool)

RULE 20: Any well drilled and completed in good faith prior to the effective date of this order, which well is situated within the horizontal boundaries of the Blinebry Gas Pool as herein defined but which produces gas from a depth interval exceeding the vertical limits of the Blinebry Gas Pool as herein defined, is hereby validated and shall be classified as a gas well in the Blinebry Gas Pool, provided that said well conforms to the definition of a gas well in said pool as set out in Rule 18 of this section of this order, and provided that the well is classified as a gas well in the Blinebry Gas Pool under the rules, regulations and orders in effect on the day immediately preceding the effective date of this order.

(Taken from R-610 - Special pool rule, will need to insert actual dates)

RULE 21: The term "gas purchaser", as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where a connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of the "taker" to submit a nomination as provided in Rules 11 and 12.

(Taken from R-610 - Originally appeared as Rule 16 of R-272-A - Probably general rule, will need to insert correct rule numbers)

RULE 22: The Supervisor may reclassify a well under Rules 18 or 19 if [illegible] or other evidence reflects the need for such reclassification. The effective date of such reclassification shall be the first [illegible] following the [illegible] period.

[illegible] reclassified well [illegible]

[illegible] it may be necessary

RULE 23: No gas, either dry gas or casinghead gas, shall be flared, vented or otherwise wasted in the Blinebry Gas Pool at any time after ninety (90) days dating from May 1, 1955, or ninety (90) days from the date of completion of a well in said pool, whichever is the later.

Any operator desiring to obtain an exception to the foregoing provision of this rule shall submit to the Director of the Commission an application for such exception accompanied by a sworn statement setting forth the facts and circumstances which justify such exception. The Director is hereby authorized to grant such exception when the granting of such is necessary to protect correlative rights, prevent waste, or to prevent undue hardship on the applicant. The Director shall (a) grant the exception within 15 days following receipt of the application and statement, or (b) set the application for hearing before the Commission at a regularly scheduled monthly hearing; provided, however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Public notice of the hearing of the application shall be published in the manner provided by law.

Should the Director grant an exception to the provision of Rule 23, notification of such exception shall be distributed to the Commission's regular mailing list.

(Taken from R-610 - Special Pool Rule)

RULE 24: Bottom-hole pressure tests will be conducted semi-annually during the months of May and October on all gas wells located to the north of an east-west line coinciding with the north lines of Sections 21, 22, 23 and 24, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico; such wells to be producing from within the vertical and horizontal boundaries of the Blinebry Gas Pool and classified as gas wells under the rules contained in this order. Results of such tests will be reported to the Commission on Form C-124 on or before the 25th day of June and the 25th day of November of each calendar year.

All bottom-hole pressure tests, except tests on dually completed wells producing from the Blinebry Gas Pool, will be conducted in accordance with Rule 302 of the Rules of the Commission. Shut-in period will be 48 hours, datum elevation will be 2400 feet subsea (-2400), and base temperature will be 100 degrees Fahrenheit.

Bottom-hole pressures on dually completed wells producing gas from the Blinebry Gas Pool shall be determined by measuring the pressure at the well-head, provided that in the event the fluid level in the hole is made employing sonic or other methods of equivalent accuracy. The gravity of the fluid in the hole shall be determined by measuring the gravities of those fluids produced on the semi-annual gas-liquid ratio test preceding the subject bottom-hole pressure test period. The gravity to be employed in the calculation of bottom-hole pressures shall be determined by the Commission. All interested parties shall be notified of such determination by the Commission.

(Taken from R-610 - Special Pool Rule)

RULE 25: Gas-liquid ratio tests and determinations of the gravity of that liquid hydrocarbon recovered from wells in the Blinebry Gas Pool shall be conducted semi-annually during the months of May and October on all wells located in and producing from the Blinebry Gas Pool. Results of such tests will be reported to the Commission on Form C-116 on or before the 15th day of June and the 15th day of Noyember of each calendar year.

(Taken from R-610 - Special Pool Rule)

RULE 26: At no time will the horizontal boundaries of the Blinebry Gas Pool conflict with or overlap the horizontal boundaries of the Terry-Blinebry Oil Pool.

(Taken from R-610 - Special Pool Rule)

RULE 27: The horizontal limits of the Blinebry Gas Pool shall be those limits set forth in Exhibit "A" attached hereto and made a part hereof.

(Taken from R-610; also appears as (1) under "Therefore Ordered" - Special Pool Rule but may work into some general provision which sets out that horizontal limits of all pools are set forth in Exhibit)

Rule 28 [illegible] + put in beginning of spec. rules.

(1) [illegible] of the Blinebry Gas Pool shall extend from a point [illegible] feet above [illegible] to a point 300 feet below the "Blinebry Marker."

(Taken from R-610; original vertical limits set as "Blinebry Formation in R-264; R-264-A sets vertical limits as "from the base of the Upper Yeso sandy section,....., to the top of the Tubb sand." - Special Pool Rule)

(2) [illegible] shall be that point encountered in the [illegible] and defining [illegible] Unit "B" shall be 20 FN/L, NW/L Section 2, Township 22 South, Range 37 East, [illegible], N.M.P.M., [illegible] feet [illegible], 3300, Subsea Datum Minus 2077.

(Taken from R-610 - Special Pool Rule)

(5) That the following rules shall apply to all producing wells in the ~~Tubb or~~ Blinebry Gas Pool~~s~~:

RULE 1: Gas produced from each well shall be produced into a separate high-pressure separator. The high-pressure gas shall then be metered separately prior to its entering a gas transportation facility.

RULE 2: The distillate separated from the high-pressure gas in the high-pressure separator shall then be directed into a low-pressure separator. The distillate may be commingled with other distillate produced by any other well or wells producing from the Tubb or Blinebry Gas Pools following its separation from the high-pressure gas in the high-pressure separator, provided gas-distillate test facilities are available and periodic tests are made.

Following the separation of distillate and low-pressure gas in the low-pressure separator, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from other low-pressure gas produced on the lease, provided that certain test facilities are available and certain periodic tests made.

RULE 3: Each year during the months of June and July each operator of each gas well producing from the Tubb or Blinebry Gas Pools shall cause to be taken an annual gas-distillate ratio test. The results of such test shall be submitted to the Commission office (P. O. Box 2045, Hobbs, New Mexico) on or before August 15 following the test. The test shall outline the amount of high-pressure gas produced during the 24-hour test period, the amount of distillate produced during the test period, the amount of low-pressure gas produced during the test period, the high-pressure gas-distillate ratio, and the low-pressure gas-distillate ratio. Failure to submit the required test by August 15 shall result in suspension of any further gas allowable until the date the required information is submitted.

RULE 4: In submitting Form C-115 (Operator's Monthly Report) on wells producing from the Tubb and Blinebry zone in which distillate is commingled and/or the low-pressure gas is commingled with other low-pressure gas produced on the lease, the operator shall estimate if necessary the volumes produced by each well in each pool by using the ratios as reflected in the most recent tests submitted.

RULE 5: The Secretary-Director of the Commission shall have authority to grant exception to the provisions set forth in Rule 1 through Rule 4, incl., where it can be shown that compliance with these rules is not economic or is impractical. Applications for exception shall be submitted in triplicate to the Oil Conservation Commission, P. O. Box 871, Santa Fe, New Mexico, with a copy of each application being furnished offset operators.

RULE 6: ~~Any low-pressure gas produced by gas wells in the Tubb or Blinebry Gas Pools shall not be charged to the gas allowable allocated to any well.~~

(Taken from R-1670 - Special Pool Rule for both Tubb and Blinebry)

Justice

Completed by Committee
1-19-60 6:00 PM

INDEX OF ORDERS COVERING JUSTIS GAS POOL

Date	Order	Summary
Nov. 10, 1953	R-264-A	Horizontal and vertical limits R-586-E is last order covering vertical limits.
Sept. 28, 1953	R-375	Establishes R-356 as rules applicable to Justis Gas Pool pending further order.
Nov. 10, 1953	R-375-A	Special Pool Rules for Justis. Although there is no specific statement in this order, it must be considered to replace R-375 rather than amend it.
Apr. 11, 1955	R-586	Special Pool Rule for Justis. This must be considered to replace R-375-A even though there is no direct statement to that effect.
Apr. 11, 1955	R-586-A	Revises horizontal limits of Justis Gas Pool.
Sept. 9, 1957	R-586-B	Does not deal with Justis Gas Pool.
Oct. 3, 1957	R-586-C	Specifically supersedes rule 5 of R-586 to establish 320 acre proration units.
Nov. 18, 1958	R-586-D	No effect on Justis Gas Pool.
Feb. 12, 1959	R-586-E	Revises vertical limits of Justis Gas Pool and Ordered two wells plugged back to conform with these limits.
May 13, 1959	R-586-F	Exempts one well covered in R-586-E from plug back provision of that order.
Apr. 23, 1957	R-967	Specifically amends R-586 for rules 6, 8, 8-A, 9, and 10.

Note: It appears that the base order in effect is R-586 as amended R-586-C, R-586-E, R-586-F, and R-967 and that others should be disregarded except as may pertain to Findings.

"DRAFT OF CONSOLIDATED POOL RULES FOR JUSTIS GAS POOL"

SPECIAL RULES AND REGULATIONS FOR THE JUSTIS GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

(Taken from R-586; similar rule appeared in R-375-A as Rule 1 - Probably general provision)

RULE 2. **Each well drilled or recompleted within the Justis Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Justis Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.**

(Taken from R-586; similar rule appeared in R-375-A as Rule 3 and included 1320 feet between wells - Probably general rule)

RULE 3. **The Secretary-Director of the Commission shall have authority to grant exceptions to the requirements of Rule 2 without notice and hearing where a proper application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a previously drilled to another horizon.**

Applicant shall furnish all operators within a 1980-foot radius of the subject well with copies of his application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a statement that proper notice has been given said operators at the addresses listed. The Secretary-Director of the Commission shall wait at least 20 days before approving the unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location, the Commission shall consider the matter only after

(Taken from R-586; [illegible] feet rather - Perhaps it would be general provision)

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Justis Gas Pool located in Lea County, New Mexico.

(Taken from R-586; previously appeared as Rule 5 in R-375-A - Probably general provision)

IT IS THEREFORE ORDERED:

(1) That any well which was projected to or completed in the Justis Gas Pool prior to the effective date of this order be and the same is hereby granted an exception to Rule 4 hereinabove set forth.

(Taken from R-586-B; probably can be worked into rule 5 which I hope to be able to work into general rules)

(2) That an increase in the acreage dedicated to any such excepted well shall become effective the first day of the month following receipt by the Commission of Form C-128, Well Location and Acreage Dedication Plat, provided said Form C-128 indicates that the acreage dedicated to such well has been increased in conformance with the Special Rules and Regulations for the Justis Gas Pool.

(Taken from R-586-B; This appears to be no longer necessary in this form or place; it was inserted because 320 acre units became standard, looks as if it is adequately covered in Rules 11 and 12 of this draft - Probably should be deleted here)

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the Gas Proration Unit for that well. For the purpose of Gas Allocation in the Justis Gas Pool, a standard proration unit shall consist of between 316 and 324 contiguous surface acres, substantially in the form of a rectangle which shall be a legal subdivision (half section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 320 acres. Any gas proration unit containing between 316 and 324 acres shall be considered to contain 320 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (d) of this Rule.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without notice and hearing where a verified application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 320 acres or more the exception size is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Justis Gas Pool.

5. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

6. The applicant presents written consent in the form of waivers from all operators entitled thereto in section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and from all operators owning interests within 1500 feet of the well in which said gas proration unit is proposed to be allocated.

7. In lieu of sub-paragraph 6 of this rule, the applicant may furnish proof of the fact that said operators were notified by registered mail of his intention to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if no objection to the unorthodox unit has been received within a period of 30 days following the mailing of such notice and if he deems such approval to be in the interest of conservation.

RULE 6 - R-520 and R-586

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Sumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other relevant data and shall fix the allowable production for the Sumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

(Taken from R-967 which specifically amended R-586 for this rule; R-354 included a portion of this as Rule 6 - Probably general Rule)

[illegible] at least 20 days prior to the beginning of each gas proration period [illegible] hearing after due notice has been given. The Commission shall [illegible] each purchaser its "Preliminary Nominations" of the amount of gas which [illegible] in good faith actually desires to purchase within the ensuing proration period, by months, from the Justis Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced during the proration period. The "Preliminary Nominations" shall be considered only insofar as they [illegible]

(Taken from R-586; appeared in R-375-A in almost exact language as Rule 8 - General Rule)

RULE 8 -R520 and R-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-122-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective January 1, 1960, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The Director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been recompleted or reworked shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well

[redacted]

(Taken from R-520 which specifically amended R-586 further rules same general information appeared in R-586-A as Rule 9 - General Rule)

BALANCING OF PRODUCTION

RULE 8-A - R-520 and R-586

The dates 7:00 a.m., January 1, and 7:00 a.m. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

(Taken from R-967 which specifically amended R-586 for this rule; appeared in Rule 10 of R-375-A - General Provision)

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal 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.

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.

(Taken from R-967 which specifically amended R-586 for this rule; appeared in Rule 10 of R-375-A - General Provision)

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of [illegible] shall be shut-in until sufficient [illegible] to make up. If at any [illegible] it is overproduced [illegible] allowable it [illegible] such gas proration period, [illegible] well is overproduced [illegible] the amount [illegible] follows: [illegible] to make up the overproduction carried into such period by the end of such gas proration period, if any, which has not been made up.

The Commission may, after notice and hearing, require any well to produce at a lesser rate than would be the amount the well is entitled to produce under the foregoing provisions, after due consideration of the facts pertinent thereto, including, but not limited to, the economic loss caused the owner of the well by the delay incident to the hearing and the loss, if any, that may result from the premature abandonment of the well.

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 overproduction carried into such period in determining the amount of allowable, if any, to be cancelled due to the cancellation of overproduction carried into such period. Any allowable remaining after such underproduction is cancelled shall be applied against the overproduction [illegible]

(Taken from R-967 which specifically amended R-586 for this rule; appeared in Rule 10 of R-375-A - General Provision)

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

(Taken from R-586; appeared in R-[illegible]-A as Rule [illegible] - General [illegible])

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and the plat described above, or the date of application for a non-standard gas proration unit as provided in Rule 5.

(Taken from R-586; abbreviated version in Rule [illegible] of R-[illegible]-A [illegible] General Rule)

RULE 13. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Justis Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the [illegible] allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, [illegible] engines and other similar lease equipment shall not be [illegible]

(Taken from R-586; abbreviated version in Rule 14 of R-375-A - Probably [illegible])

[illegible] as used in these rules, shall mean [illegible]

[illegible] as Rule 16 - General [illegible]

RULE 15. No gas, either dry gas or casinghead gas, produced from the Justis Gas Pool shall be flared or vented.

(Taken from R-586, General Rule)

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the Justis Gas Pool and the producing zone of any other common source of supply are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well ~~presently~~ completed in such a manner that the well bore is open to more than one common source of supply shall be assigned to the applicable pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before May 15, 1955. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

(Taken from R-586 - Believe this is no longer necessary in view of statewide Rules and Vertical limit definition that is shown below and therefore should be deleted)

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

(Taken from R-580 - Appears to be unnecessary)

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

(Taken from R-586 - Appears unnecessary)

IT IS THEREFORE ORDERED:

(1) That the vertical limits of the Justis Gas Pool be and the same are hereby redefined as follows:

> From the top of the Glorieta formation, found at a depth of 4599 feet (Elevation 3080, Subsea datum -1519) in the Gulf Oil Corporation McBuffington Well No. 8, located 330 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to a point 40 feet above the marker encountered at 4879 feet (Subsea datum -1799) in said McBuffington Well No. 8.

(Taken from R-586-E - Special Rule)

(2) That the following-described wells shall, within 90 days after the effective date of this order, be plugged back so that they are open only within the established vertical limits of the Justis Gas Pool:

> Gulf Oil Corporation Ramsey "F" Well No. 3, NW/4 NE/4 of Section 36.
>
> Westates Carlson Federal "A" Well No. 1, NW/4 SE/4 of Section 25
>
> both in Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(Taken from R-586-E - Special rule perhaps could be [illegible] that both wells were not completed in vertical limits and that Westates well should be exempt from plugback then order [illegible] as not required to be plugged back and Westates well as not required to be plugged back)

That the applicant's Westates Carlson Federal "A" Well No. 1, located in the NW/4 SE/4 of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby exempt from the provisions in Order No. R-586-E requiring it to be plugged back so as to be open only within the defined vertical limits of the Justis Gas Pool.

(Taken from R-586-F - Discussed above)

INDEX OF ORDERS COVERING TUBB GAS POOL

Date	Order	Summary
Feb. 17, 1953	R-264	Establishes horizontal and vertical limits. R-464 is order covering vertical limits now in effect.
Sept. 28, 1953	R-373	Establishes R-356 as rules applicable to Tubb Gas Pool pending further order.
Nov. 10, 1953	R-373-A	Special Pool Rules for Tubb. This order is considered to replace R-373 even though there is no specific statement to that effect.
May 27, 1954	R-464	Revises vertical limits and requires stage separation of produced stream.
Apr. 11, 1955	R-586	Special Pool Rules for Tubb. This is considered to replace R-373-A even though there is no specific statement to that effect.
Apr. 11, 1955	R-586-A	Has no effect on Tubb Gas Pool.
Sept. 9, 1957	R-586-B	Amends R-586 to include Rules 16, 17, 18, and 19.
Oct. 3, 1957	R-586-C	Has no effect on Tubb Gas Pool.
Nov. 18, 1958	R-586-D	Has no effect on Tubb Gas Pool.
Feb. 12., 1959	R-586-E	Has no effect on Tubb Gas Pool.
May 13, 1959	R-586-F	Has no effect on Tubb Gas Pool.
Apr. 23, 1957	R-967	Specifically amends R-586 for rules 6, 8, 8-A, 9, and 10.

Note: It appears that the base order in effect is R-586 as amended by R-586-B and R-967 and with the addition of special rules of R-464. With exception of Findings, other orders should be disregarded.

IT IS THEREFORE ORDERED: Special Rules, see 19 (1)d(2)

(1) That the Tubb Gas Pool heretofore created, shall [illegible] vertical limits which extend from a point 100 feet above the "Tubb Marker" to a point 225 feet below the "Tubb Marker", as said marker is designated in Order R-464. The horizontal limits of the Tubb Gas Pool shall be the area as described in Exhibit "A", attached hereto and made a part hereof, [illegible]

(Rule from R-586; R-[illegible] carries same information [illegible] consolidation - Special Rules)

Well Spacing and Acreage Requirements for Drilling Tracts. General

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

(Rule from R-586; appeared in a [illegible] as a General Provision)

General

RULE 2. Each well drilled or recompleted within the Tubb Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Tubb Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

(Rule from R-586; appeared as Rule 3 in R-373-A with provision for [illegible] feet between wells but without provision for existing wells - General Provision)

General

RULE 3. The Secretary-Director of the Commission shall have authority to grant exceptions to the requirements of Rule 2 without notice and hearing where a verified application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon. [illegible]

[illegible] offset operators within a [illegible] radius of the proposed well [illegible] the Commission, [illegible] releases of all [illegible]

[illegible]

[illegible] (General provision)

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Tubb Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the ~~Tubb Gas Pool~~, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square, which shall be a legal subdivision (quarter-section) of the U. S. Public Land Surveys, with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit of less than 160 acres may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (d) of this Rule. Non-standard gas proration units of more than 160 acres may be formed only after notice and hearing by the Commission.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where ~~a verified~~ application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Tubb Gas Pool.

4. The length or width of the non-standard gas proration unit does not exceed 5648 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within [illegible] of the well in the said gas proration unit is proposed to be allocated.

[illegible] of this rule, the applicant may furnish [illegible] were notified by registered mail of [illegible] proration unit.

[illegible] R-373 supplemented in part in Rule 7 of R-[illegible]

[illegible] than R-373-A - Tubb Gas

RULE 6 - R-520 and R-586

(a) The Commission after notice and hearing, shall consider the nominations of purchasers from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other data and shall fix the allowable production for the Eumont, Jalmat, Tubb, Byers... and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum pro... tion during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acre... age factors for all non-marginal wells in the Pool.

(Taken from R-967 which specifically amended R-... for ... appeared in R-373-A as Rule ... - General Provision)

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase during the ensuing proration period, by months, from the Tubb Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers and actual production and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission or substantially the same as the form ... [illegible]

(Taken from R-586; appeared as Rule 8 in R-373-A - General Rule)

RULE 8 - R-520 and R-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a form ... [illegible]

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, ~~that the allowable assigned to any well shall not exceed the well's known producing capacity.~~ A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to such well prior to its classification as a marginal well shall be cancelled. ~~Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.~~

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

~~The Director may reclassify~~ a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is immediately classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

(Taken from R-967 which specifically amended R-586 for this rule; similar but more abbreviated provisions appeared in R-373-A - General provisions.)

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal well which has an underproduced status as of the [illegible] 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.

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

(Taken from R-967 which specifically amended R-520 for this rule; similar provision appeared as Rule 10 of R-373-A - General Rule)

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is made up. If at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the reclassification thereof shall be applied against the overproduction carried into said proration period.

(Taken from R-967 which specifically amended R-586 for this rule, similar provision appeared as Rule 11 of R-373-A - General Rule)

[illegible] C-104 and

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and the plat described above, or the date of application for a non-standard gas proration unit as provided in Rule 5, whichever date is the later.

(... from R-[illegible]; appeared in R-[illegible] as Rule [illegible] - General Provision)

RULE 13. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the ~~Tubb Gas Pool~~ shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable. Gas produced from separation of intermediate or low-pressure gas derived from the casing of the well shall not be charged against the wells gas allowable, provided that said intermediate or low-pressure gas is utilized in accordance with the provisions of Order R-[illegible].

(Taken from R-[illegible] appeared in part in R-[illegible] as Rule 14 - in case of Tubb needs modification by provisions of R-[illegible] in Special Rules but can probably be worked into General Provisions in part)

RULE 16. The term "Gas Purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

(Taken from R-586; appeared in R-373-A as Rule 16 - General Provision)

No flare Rule

#15

(Taken from R-586 - Probably general rule with modification)

SPACING AND OPERATION OF OIL WELLS

RULE 18. All oil wells in the Tubb Gas Pool shall be defined as a well which produces hydrocarbons possessing a gravity of 45° API or less.

(Taken from R-586-B which specifically amended R-586 to include this rule - Special Rule)

RULE 17. An oil well in the Tubb Gas Pool shall have dedicated thereto a productive unit consisting of 40 acres, more or less, being a governmental quarter-quarter section of the United States Public Land Survey.

(Taken from R-586 - B which specifically amended R-586 to include this rule - Special Rule)

special

RULE 19. The limiting gas-oil ratio for oil wells in the Tubb Gas Pool shall be 2000 cubic feet of gas for each barrel of oil produced.

Rule 20

(2) That the vertical limits of the Tubb Gas Pool shall extend from a point 100 feet above the "Tubb Marker" to a point 225 feet below the "Tubb Marker."

(Taken from R-464; - Special Rule)

(4) That the "Tubb Marker" shall be that point encountered in the Humble Oil and Refining Company State 'S' Well No. 20 at a depth of 5921 feet (Elev. 3380, Subsea Datum Minus 2541).

(Taken from R-464; - Special Rule)

(5) That the following rules shall apply to all producing wells in the Tubb or Blinebry Gas Pools:

RULE 1: Gas produced from each well shall be produced into a separate high-pressure separator. The high-pressure gas shall then be metered separately prior to its entering a gas transportation facility.

RULE 2: The distillate separated from the high-pressure gas in the high-pressure separator shall then be directed into a low-pressure separator. The distillate may be commingled with other distillate produced by any other well or wells producing from the Tubb or Blinebry Gas Pools following its separation from the high-pressure gas in the high-pressure separator, provided gas-distillate test facilities are available and periodic tests are made.

Following the separation of distillate and low-pressure gas in the low-pressure separator, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from other low-pressure gas produced on the lease, provided that certain test facilities are available and certain periodic tests made.

RULE 3: Each year during the months of June and July each operator of each gas well producing from the Tubb or Blinebry Gas Pools shall cause to be taken an annual gas-distillate ratio test. The results of such test shall be submitted to the Commission office (P. O. Box 2045, Hobbs, New Mexico) on or before August 15 following the test. The test shall outline the amount of high-pressure gas produced during the 24-hour test period, the amount of distillate produced during the test period, the amount of low-pressure gas produced during the test period, the high-pressure gas-distillate ratio, and the low-pressure gas-distillate ratio. Failure to submit the required test by August 15 shall result in suspension of any further gas allowable until the date the required information is submitted.

RULE 4: In submitting Form C-115 (Operator's Monthly Report) on wells producing from the Tubb and Blinebry zone in which distillate is commingled and/or the low-pressure gas is commingled with other low-pressure gas produced on the lease, the operator shall estimate if necessary the volumes produced by each well in each pool by using the ratios as reflected in the most recent tests submitted.

RULE 5: The Secretary-Director of the Commission shall have authority to grant exception to the provisions set forth in Rule 1 through Rule 4, incl., where it can be shown that compliance with these rules is not economic or is impractical. Applications for exception shall be submitted in triplicate to the Oil Conservation Commission, P. O. Box 871, Santa Fe, New Mexico, with a copy of each application being furnished offset operators.

RULE 6: That low-pressure gas produced by gas wells in the Tubb or Blinebry Gas Pools shall not be charged to the gas allowable assigned to any well.

(Taken from Rule [illegible])

Tubb, Justis & Byers - Dec'd

OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1164
Order No. R-967

APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS
OWN MOTION FOR AN ORDER REVISING THE
SPECIAL RULES AND REGULATIONS FOR ALL
PRORATED GAS POOLS IN THE STATE OF
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of April 1957, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That, in order to promote a more efficient gas prorationing procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

IT IS THEREFORE ORDERED:

(1) That Commission Order R-128-D dated October 13, 1955, amending the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool as set forth in Commission Order R-110, dated November 9, 1951, be and the same is hereby amended as follows:

RULE 3 - R-128-D

In the event a gas purchasers' market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 4 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 4 - R-128-D

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for

that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 5 - R-128-D

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 5-A - R-128-D

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above.

RULE 6 - R-128-D

Underproduction: Any non-marginal 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.

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.

RULE 7 - R-128-D

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowables.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 9 - (Second Paragraph) R-128-D

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 5 of this order.

(2) That the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, and South Blanco-Pictured Cliffs Gas Pool as set forth in Commission Order R-565-C, dated October 13, 1955, and the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool as set forth in Commission Order R-566-D, dated October 13, 1955; and the Special Rules and Regulations for the Ballard Pictured Cliffs Pool as set forth in Commission Order R-846, dated July 18, 1956, be and the same are hereby amended as follows:

RULE 8 - R-565-C, R-566-D, and R-846

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas be actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is

necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 9 - R-565-C, R-566-D and R-846

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 10 - 565-C, R-566-D & R-846

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 10A - R-565-C, R-566-D & R-846

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

RULE 11 - R-565-C, R-566-D, & R-846

Underproduction: Any non-marginal 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.

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.

RULE 12 - R-565-C, R-566-D & R-846

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 14 - R-565-C, R-566-D, & R-846

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

(3) That the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as set forth in Order R-520, dated August 12, 1954, and the Special Rules and Regulations for the Tubb, Byers-Queen and Justis Gas Pools as set forth in Order R-586, dated April 11, 1955 be and the same are amended as follows:

RULE 6 - R-520 and R-586

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other relevant data and shall fix the allowable production for the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an

allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

RULE 8 -R520 and R-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION

RULE 8-A - R-520 and R-586

The dates 7:00 a.m., January 1, and 7:00 a.m. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal 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.

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.

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is made up. If at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration peripd 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

(4) That the Special Rules and Regulations for the Blinebry Gas Pool as set forth in Order R-610, dated April 11, 1955, as amended by Order R-610-A, dated May 27, 1955, Order R-610-B, dated June 13, 1955, Order R-610-C, dated January 9, 1956, and Order R-610-D, dated February 26, 1957, be and the same are amended as follows:

RULE 10 - R-610

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production for the Blinebry Gas Pool.

(b) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

RULE 12 - R-610

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blinebry Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of

the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION
RULE 12-A - R-610

The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 13 - R-610

Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry 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.

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.

RULE 14 - R-610

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shutin upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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(7) That due to the nature of the completion of the said Westates Carlson Federal "A" Well No. 1, there is a reasonable probability that any attempt to plug back this well so that it will be open only within the defined vertical limits of the Justis Gas Pool would result in waste.

IT IS THEREFORE ORDERED:

That the applicant's Westates Carlson Federal "A" Well No. 1, located in the NW/4 SE/4 of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby exempt from the provision in Order No. R-586-E requiring it to be plugged back so as to be open only within the defined vertical limits of the Justis Gas Pool.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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

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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. 728
Order No. R-586-F

APPLICATION OF HAMILTON DOME OIL
COMPANY, LTD., FOR AN EXCEPTION TO
THE REQUIREMENTS OF ORDER NO.
R-586-E FOR A WELL IN THE JUSTIS GAS
POOL, LEA COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 22, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of May, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Hamilton Dome Oil Company, Ltd., is the operator of the Westates Carlson Federal "A" Well No. 1, located in the NW/4 SE/4 of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the perforations in the said Westates Carlson Federal "A" Well No. 1 extend below the vertical limits of the Justis Gas Pool as established by Order No. R-586-E.

(4) That Order No. R-586-E required that the said Westates Carlson Federal "A" Well No. 1 be plugged back so as to be open only within the established vertical limits of the Justis Gas Pool.

(5) That the applicant seeks an exception to this "plug-back" requirement for its said Westates Carlson Federal "A" Well No. 1.

(6) That there is little likelihood that allowing the said Westates Carlson Federal "A" Well No. 1 to remain open below the established vertical limits of the Justis Gas Pool will result in waste.

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. 728
Order No. R-586-E

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN ORDER REVISING AND
AMENDING ORDER NO. R-586 TO PROVIDE
FOR AN EXTENSION OF THE VERTICAL
LIMITS OF THE JUSTIS GAS POOL IN LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 14, 1959, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 12th day of February, 1959, the Commission, a quorum being present, having considered the application and the evidence adduced 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 present vertical limits of the Justis Gas Pool, as established by Order No. R-586, extend from the top of the Glorieta formation to a point 200 feet immediately below the Glorieta datum.

(3) That the applicant, El Paso Natural Gas Company, proposes that the vertical limits of the Justis Gas Pool be redefined as follows:

> From the top of the Glorieta formation, found at a depth of 4599 feet (Elevation 3080, Subsea datum -1519) in the Gulf Oil Corporation McBuffington Well No. 8, located 330 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to a point 40 feet above the marker encountered at 4879 feet (Subsea datum -1799) in said McBuffington Well No. 8.

(4) That the evidence presented in this case established that the vertical limits should be redefined as proposed by the applicant.

(5) That the perforations in the two following-described wells in the Justis Gas Pool extend below the proposed vertical limits, and therefore these wells should be plugged back so that they will be open only within the established vertical limits of said pool:

Gulf Oil Corporation Ramsey "F" Well No. 3,
NW/4 NE/4 of Section 36

Westates Carlson Federal "A" Well No. 1,
NW/4 SE/4 of Section 25

both in Township 25 South, Range 37 East,
NMPM, Lea County, New Mexico.

IT IS THEREFORE ORDERED:

(1) That the vertical limits of the Justis Gas Pool be and the same are hereby redefined as follows:

From the top of the Glorieta formation, found at a depth of 4599 feet (Elevation 3080, Subsea datum -1519) in the Gulf Oil Corporation McBuffington Well No. 8, located 330 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to a point 40 feet above the marker encountered at 4879 feet (Subsea datum -1799) in said McBuffington Well No. 8.

(2) That the following-described wells shall, within 90 days after the effective date of this order, be plugged back so that they are open only within the established vertical limits of the Justis Gas Pool:

Gulf Oil Corporation Ramsey "F" Well No. 3,
NW/4 NE/4 of Section 36.

Westates Carlson Federal "A" Well No. 1,
NW/4 SE/4 of Section 25

both in Township 25 South, Range 37 East,
NMPM, Lea County, New Mexico.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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

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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. 728
Order No. R-586

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF
THE OIL CONSERVATION COMMISSION,
AND/OR PROMULGATING RULES AND
REGULATIONS, RELATING TO GAS POOL
DELINEATION, GAS PRORATION, AND
OTHER RELATED MATTERS, AFFECTING
OR CONCERNING THE TUBB, BYERS-
QUEEN, AND JUSTIS GAS POOLS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 16, 1954, July 15, 1954, August 18, 1954 and September 16, 1954, at Santa Fe, New Mexico, and on October 20, 1954 at Hobbs, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 11th., day of April, 1955, the Commission, a quorum being present, having considered the records, evidence and testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under date of January 1, 1950, the Commission issued its Order No. 850 creating the Justis Gas Pool, and that said Order No. 850 defined the horizontal and vertical limits thereof. That on February 17, 1953, the Commission issued Order No. R-264 creating the Tubb and Byers-Queen Gas Pools, and defining the horizontal and vertical limits of said gas pools. That by Order No. R-264 and subsequent orders the Commission extended the horizontal and vertical limits of the Justis Gas Pool. That by Order R-407 the vertical limits of the Tubb Gas Pool were extended.

(3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-373, R-375, and R-376 and under date of November 10, 1953, the Commission issued its Orders Nos. R-373-A, R-375-A and R-376-A, providing rules, definitions and procedures to be followed in prorating gas in the Tubb, Justis, and Byers-Queen gas pools, respectively; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.

(4) That the Tubb, Byers-Queen and Justis Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order.

(5) That the producing capacity of the gas wells in the Tubb, Byers-Queen and Justis Gas Pools is greater than the market demand for gas from each of such pools.

(6) That in order to prevent waste it is necessary to allocate and prorate the gas production among the gas wells in the Tubb, Byers-Queen, and Justis Gas Pools in accordance with provisions of this order.

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Tubb, Byers-Queen and Justis Gas Pools be prorated, in accordance with the terms and provisions of this order.

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Tubb, Byers-Queen and Justis Gas Pools upon a reasonable basis and give appropriate recognition to correlative rights.

(9) That no evidence was presented to justify a change in the size of the standard gas well unit in the Tubb, Byers-Queen, or Justis Gas Pools from 160-acres.

(10) That in order to prevent waste and protect correlative rights, the special rules contained in this order should be adopted to govern the production from wells completed or recompleted in such a manner that the bore hole of the well is open in more than one common source of supply.

(11) That in order to prevent waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of natural gas or any other type of gas in any of the gas pools referred to and affected by this order.

IT IS THEREFORE ORDERED:

(1) That the Tubb Gas Pool heretofore created, shall have vertical limits which extend from a point 100 feet above the "Tubb Marker" to a point 225 feet below the "Tubb Marker", as said marker is designated in Order R-464. The horizontal limits of the Tubb Gas Pool shall be the area as described in Exhibit "A", attached hereto and made a part hereof.

(2) That the Byers-Queen Gas Pool, heretofore created, shall have vertical limits which include all of the Queen formation. The horizontal limits of the Byers-Queen Gas Pool shall be the area as described in Exhibit "B", attached hereto and made a part hereof.

(3) That the Justis Gas Pool, heretofore created, shall have vertical limits which extend from the top of the Glorieta formation to a point 200 feet immediately below the Glorieta datum. The horizontal limits of the Justis Gas Pool shall be the area as described in Exhibit "C", attached hereto and made a part hereof.

(4) That special pool rules applicable to the Tubb Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE TUBB GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Tubb Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Tubb Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where a verified application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Tubb Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Tubb Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 160 acres. Any gas proration unit containing between 158 and 162 a acres shall be considered to contain 160 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit of less than 160 acres may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (d) of this Rule. Non-standard gas proration units of more than 160 acres may be formed only after notice and hearing by the Commission.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where a verified application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Tubb Gas Pool.

4. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of sub-paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Tubb Gas Pool and other relevant data and shall fix the allowable production of the Tubb Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Tubb Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Tubb Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

Included in the monthly proration schedule shall be:

(a) A summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month,

(b) A tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation,

(c) A tabulation of the current and net allowables for the preceding month,

(d) A tabulation of current monthly allowables for the ensuing proration month,

(e) A tabulation of the acreage assigned each well well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 160 acres shall be assigned an acreage factor of 1.00; a proration unit of 80 acres a factor of 0.50, etc.

The allowable assigned to any well capable of producing its normal gas allowable in the Tubb Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Tubb Gas Pool.

The Commission shall include in the proration schedule the gas wells in the Tubb Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Tubb Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased by Commission order or as otherwise provided in this order the increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following approval of such increase by the Commission.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal

well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and the plat described above, or the date of application for a non-standard gas proration unit as provided in Rule 5, whichever date is the later.

RULE 13. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Tubb Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable; further, the production of intermediate or low-pressure gas derived from the staging of the well fluids need not be charged against the wells gas allowable, provided that said intermediate or low-pressure gas is utilized in accordance with the provisions of Order R-464.

RULE 14. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 15. No gas, either dry gas or casinghead gas, produced from the Tubb Gas Pool shall be flared or vented.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the Tubb Gas Pool and the producing zone of any other common source of supply are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to more than one common source of supply shall be assigned to the applicable pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before May 15, 1955. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That special pool rules applicable to the Byers-Queen Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE BYERS-QUEEN GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Byers-Queen Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Byers-Queen Gas Pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Byers-Queen Gas Pool.

RULE 2. Each well drilled or recompleted within the Byers-Queen Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or sub-division inner boundary line. Any well drilled to and producing from the Byers-Queen Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where a verified application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Byers-Queen Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Byers-Queen Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit of less than 160 acres may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (b) of this Rule. Non-standard gas proration units of more than 160 acres may be formed only after notice and hearing by the Commission.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where a verified application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Byers-Queen Gas Pool.

4. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of sub-paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Byers-Queen Gas Pool and other relevant data and shall fix the allowable production of the Byers-Queen Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Byers-Queen Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Byers-Queen Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

Included in the monthly proration schedule shall be:

(a) A summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month,

(b) A tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation,

(c) A tabulation of the current and net allowables for the preceding month,

(d) A tabulation of current monthly allowables for the ensuing proration month,

(e) A tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 160 acres shall be assigned an acreage factor of 1.00; a proration unit of 80 acres a factor of 0.50, etc.

The allowable assigned to any well capable of producing its normal gas allowable in the Byers-Queen Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Byers-Queen Gas Pool.

The Commission shall include in the proration schedule the gas wells in the Byers-Queen Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Byers-Queen Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased by Commission order or as otherwise provided in this order the increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following approval of such increase by the Commission.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and the plat described above, or the date of application for a non-standard gas proration unit as provided in Rule 5.

RULE 13. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Byers-Queen Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used in the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 15. No gas, either dry gas or casinghead gas, produced from the Byers-Queen Gas Pool shall be flared or vented.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the Byers-Queen Gas Pool and the producing zone of any other common source of supply are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to more than one common source of supply shall be assigned to the applicable pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before May 15, 1955. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That special pool rules applicable to the Justis Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE JUSTIS GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Justis Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Justis Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where a verified application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Justis Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Justis Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit of less than 160 acres may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (d) of this Rule. Non-standard gas proration units of more than 160 acres may be formed after notice and hearing by the Commission.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where a verified application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Justis Gas Pool.

4. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter-section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of sub-paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Justis Gas Pool and other relevant data and shall fix the allowable production of the Justis Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Justis Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a supplemental nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Justis Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

Included in the monthly proration schedule shall be:

(a) A summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month,

(b) A tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation,

(c) A tabulation of the current and net allowables for the preceding month,

(d) A tabulation of current monthly allowables for the ensuing proration month,

(e) A tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 160 acres shall be assigned an acreage factor of 1.00; a proration unit of 80 acres a factor of 0.50, etc.

The allowable assigned to any well capable of producing its normal gas allowable in the Justis Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Justis Gas Pool.

The Commission shall include in the proration schedule the gas wells in the Justis Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Justis Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased by Commission order or as otherwise provided in this order the increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following approval of such increase by the Commission.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and the plat described above, or the date of application for a non-standard gas proration unit as provided in Rule 5.

RULE 13. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Justis Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

RULE 14. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 15. No gas, either dry gas or casinghead gas, produced from the Justis Gas Pool shall be flared or vented.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the Justis Gas Pool and the producing zone of any other common source of supply are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to more than one common source of supply shall be assigned to the applicable pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before May 15, 1955. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

EXHIBIT "A"

Horizontal limits of the Tubb Gas Pool

TOWNSHIP 21 SOUTH, RANGE 37 EAST
All of Secs. 3, 9, 10, 15, 16, 17
All of Secs. 20 to 23, and 26 to 29 incl.
SW/4, & Lots 3, 4, 5, 6, 11, 12, 13, 14 of Sec. 2
SE/4, & Lots 1, 2, 7, 8, 9, 10, 15, 16 of Sec. 4
E/2 of Sec. 8
W/2 of Sec. 11
W/2 of Sec. 14
E/2 of Sec. 19
W/2 of Sec. 25
E/2 of Sec. 30
E/2 of Sec. 31
All of Secs. 32 to 36 incl.

TOWNSHIP 22 SOUTH, RANGE 37 EAST
All of Secs. 1 to 5 incl.
E/2 Sec. 6
All Secs. 8 to 16 incl.
E/2 Sec. 21
All Secs. 22 to 25 incl.

TOWNSHIP 22 SOUTH, RANGE 38 EAST
W/2 Sec. 6
W/2 Sec. 7
W/2 Sec. 18
All Secs. 19 & 30

EXHIBIT "B"

Horizontal limits of the Byers-Queen Gas Pool

TOWNSHIP 18 SOUTH, RANGE 38 EAST
All Secs. 29 to 32 incl.

EXHIBIT "C"

Horizontal limits of the Justis Gas Pool

TOWNSHIP 25 SOUTH, RANGE 37 EAST
SW/4 Sec. 1
SE/4 Sec. 2
E/2 Sec. 11
W/2 Sec. 12
All Sec. 13
E/2 Sec. 14
E/2 Sec. 23
W/2 Sec. 24

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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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 PURPOSEOF CONSIDERING:

CASE NO. 684
Order No. R-464

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS OWN
MOTION FOR AN ORDER: (1) OUTLINING THE
PROCEDURE TO BE FOLLOWED IN THE STAGE
SEPARATION OF GAS AND DISTILLATE IN THE
TUBB AND BLINEBRY GAS POOLS; (2) OUTLINING
THE METERING REQUIREMENTS OF GAS PRODUCED
FROM THE TUBB AND BLINEBRY GAS POOLS; AND
(3) CLARIFYING AND REVISING THE VERTICAL
LIMITS OF THE TUBB AND BLINEBRY GAS POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on March 17, 1954, and on April 15, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 27th day of May, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That the vertical limits of the Tubb and Blinebry Gas Pools should be defined as hereinafter stated.

(3) That the rules hereinafter set forth requireing the stage separation of gas and distillate produced by wells producing from the Tubb and Blinebry Gas Pools should be promulgated.

(4) That said rules will tend to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the vertical limits of the Blinebry Gas Pool shall extend from a point 75 feet above the "Blinebry Marker" to a point 300 feet below the "Blinebry Marker."

(2) That the vertical limits of the Tubb Gas Pool shall extend from a point 100 feet above the "Tubb Marker" to a point 225 feet below the "Tubb Marker."

(3) That the "Blinebry Marker" shall be that point encountered in the Humble Oil and Refining Company State 'S' Well No. 20 SW/4 NW/4 Section 2, Township 22 South, Range 37 East, NMPM., at a depth of 5457 feet (Elev. 3380, Subsea Datum Minus 2077).

(4) That the "Tubb Marker" shall be that point encountered in the Humble Oil and Refining Company State 'S' Well No. 20 at a depth of 5921 feet (Elev. 3380, Subsea Datum Minus 2541).

(5) That the following rules shall apply to all producing wells in the Tubb or Blinebry Gas Pools:

RULE 1: Gas produced from each well shall be produced into a separate high-pressure separator. The high-pressure gas shall then be metered separately prior to its entering a gas transportation facility.

RULE 2: The distillate separated from the high-pressure gas in the high-pressure separator shall then be directed into a low-pressure separator. The distillate may be commingled with other distillate produced by any other well or wells producing from the Tubb or Blinebry Gas Pools following its separation from the high-pressure gas in the high-pressure separator, provided gas-distillate test facilities are available and periodic tests are made.

Following the separation of distillate and low-pressure gas in the low-pressure separator, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from other low-pressure gas produced on the lease, provided that certain test facilities are available and certain periodic tests made.

RULE 3: Each year during the months of June and July each operator of each gas well producing from the Tubb or Blinebry Gas Pools shall cause to be taken an annual gas-distillate ratio test. The results of such test shall be submitted to the Commission office (P. O. Box 2045, Hobbs, New Mexico) on or before August 15 following the test. The test shall outline the amount of high-pressure gas produced during the 24-hour test period, the amount of distillate produced during the test period, the amount of low-pressure gas produced during the test period, the high-pressure gas-distillate ratio, and the low-pressure gas-distillate ratio. Failure to submit the required test by August 15 shall result in suspension of any further gas allowable until the date the required information is submitted.

RULE 4: In submitting Form C-115 (Operator's Monthly Report) on wells producing from the Tubb and Blinebry zone in which distillate is commingled and/or the low-pressure gas is commingled with other low-pressure gas produced on the lease, the operator shall estimate if necessary the volumes produced by each well in each pool by using the ratios as reflected in the most recent tests submitted.

RULE 5: The Secretary-Director of the Commission shall have authority to grant exception to the provisions set forth in Rule 1 through Rule 4, incl., where it can be shown that compliance with these rules is not economic or is impractical. Applications for exception shall be submitted in triplicate to the Oil Conservation Commission, P. O. Box 871, Santa Fe, New Mexico, with a copy of each application being furnished offset operators.

RULE 6: That low-pressure gas produced by gas wells in the Tubb or Blinebry Gas Pools shall not be charged to the gas allowable allocated to any well.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

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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. 587
ORDER NO. R-373-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 26, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-373 was duly entered by the Commission. Order R-373 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Tubb Gas Pool, heretofore established. R-373 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Tubb Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable

to the Tubb Pool, and should conform, generally with the provisional special rules of Order R-373.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such un-

orthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due from and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Tubb Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Tubb Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Tubb Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage alloted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A. M., January 1 and 7:00 A. M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas Purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-373, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 590
Order No. R-376

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE BYERS-QUEEN GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Byers-Queen Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Byers-Queen Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Byers-Queen Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Byers-Queen Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m., on October 27, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

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. 590
Order No. R-376-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 27, 1953 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-376 was duly entered by the Commission. Order R-376 adopted the general or "stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Byers-Queen Gas Pool, heretofore established. R-376 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Byers-Queen Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Byers-Queen Gas Pool, and should conform, generally with the provisional special rules of Order R-376.

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

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

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

IT IS THEREFORE ORDERED:

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

SPECIAL RULES AND REGULATIONS
FOR THE BYERS-QUEEN GAS POOL
LEA COUNTY, NEW MEXICO

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proation period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Byers-Queen Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Byers-Queen Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Byers-Queen Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction. A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in blance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-376, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1221
Order No. R-586-B

APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR
AN ORDER AMENDING THE SPECIAL RULES
AND REGULATIONS FOR THE TUBB GAS POOL
TO MAKE PROVISION IN SAID RULES FOR
THE REGULATION OF OIL WELLS COMPLETED
WITHIN THE DEFINED LIMITS OF SAID POOL;
AND FURTHER, TO CONSIDER THE DELETION
OF THAT PORTION OF ORDER R-586 WHICH
RELATES TO THE BYERS-QUEEN GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 14, 1957, May 16, 1957 and again on July 17, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of September, 1957, the Commission, a quorum being present, having considered the testimony and evidence adduced 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 several wells have been completed within the defined limits of the Tubb Gas Pool which are capable of producing liquid hydrocarbons with gravities in the range which is commonly accepted to be that of crude petroleum oil, and that such wells should be classified as oil wells.

(3) That to classify, space, and prorate the aforesaid wells as though they were gas wells could be unfair to the royalty owners in the Tubb Gas Pool.

(4) That an oil well in the Tubb Gas Pool should be defined as a well which produces liquid hydrocarbons possessing a gravity of 45° API or less.

(5) That an oil well in the Tubb Gas Pool should have dedicated thereto a proration unit consisting of 40 acres, more or less, being a governmental quarter-quarter section legal subdivision of the United States Public Land Surveys.

(6) That no acreage should be simultaneously dedicated to an oil well and to a gas well in the Tubb Gas Pool.

(7) That the limiting gas-oil ratio for oil wells in the Tubb Gas Pool should be 2000 cubic feet of gas for each barrel of oil produced.

(8) That the Special Rules and Regulations for the Byers-Queen Gas Pool as set forth in Order R-586 should be deleted since the production from the said Byers-Queen Gas Pool is no longer of sufficient consequence to warrant its continued prorationing.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the Tubb Gas Pool, as set forth in Order R-586, be and the same are hereby amended to include the following rules:

SPACING AND OPERATION OF OIL WELLS

RULE 16. An oil well in the Tubb Gas Pool shall be defined as a well which produces hydrocarbons possessing a gravity of 45° API or less.

RULE 17. An oil well in the Tubb Gas Pool shall have dedicated thereto a proration unit consisting of 40 acres, more or less, being a governmental quarter-quarter section legal subdivision of the United States Public Land Surveys.

RULE 18. No acreage shall be simultaneously dedicated to an oil well and to a gas well in the Tubb Gas Pool.

RULE 19. The limiting gas-oil ratio for oil wells in the Tubb Gas Pool shall be 2000 cubic feet of gas for each barrel of oil produced.

(2) That the Special Rules and Regulations for the Byers-Queen Gas Pool, as set forth in Order R-586, be and the same are hereby deleted effective September 30, 1957.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 728
Order No. R-586-A

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF
THE OIL CONSERVATION COMMISSION
AND/OR PROMULGATING RULES AND
REGULATIONS RELATING TO GAS POOL
DELINEATION, GAS PRORATION, AND
OTHER RELATED MATTERS, AFFECTING
OR CONCERNING THE TUBB, BYERS-
QUEEN AND JUSTIS GAS POOLS, LEA
COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order R-586, dated April 11, 1955, does not define the horizontal limits of the Justis Gas Pool in a manner which indicates the true horizontal extent of that pool, the Commission

FINDS:

That Exhibit "C" of said order should be revised to redefine the horizontal limits of the Justis Gas Pool.

IT IS THEREFORE ORDERED:

That Order R-586, as the same appears in the records of the Commission, and the original of said order, be amended in the following respects and particulars:

That Exhibit "C" of Order R-586, be changed to read as follows:

EXHIBIT "C"

Horizontal Limits of the Justis Gas Pool:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
SW/4 Section 1
SE/4 Section 2
E/2 Section 11
W/2 Section 12

EXHIBIT "C" (continued)

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM (continued)
W/2 Section 13
E/2 Section 14
E/2 Section 23
All Section 24

IT IS FURTHER ORDERED:

That the corrections and changes set forth in this order be entered nunc pro tunc as of April 11, 1955, the date of said Order R-586.

DONE at Santa Fe, New Mexico, on this 18th day of May, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 587
Order No. R-373

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE TUBB GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Tubb Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Tubb Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made

the special rules and regulations of the Tubb Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Tubb Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a. m., on October 26, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

SEAL

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1293
Order No. R-586-C

APPLICATION OF AMERADA PETROLEUM
CORPORATION FOR AN ORDER AMENDING
THE SPECIAL RULES AND REGULATIONS
FOR THE JUSTIS GAS POOL IN LEA
COUNTY, NEW MEXICO AS SET FORTH
IN ORDER R-586, R-586-A AND R-586-B,
AS AMENDED BY ORDER R-967, TO PROVIDE
FOR 320-ACRE GAS PRORATION UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 15, 1957, and again on September 18, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 3rd day of October, 1957, the Commission, a quorum being present, having considered the application and the evidence adduced 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 Commission by Order R-586 dated April 11, 1955, established 160-acre spacing for the Justis Gas Pool.

(3) That the applicant, Amerada Petroleum Corporation, has proved by the evidence in this case that one well will drain 320 acres in the Justis Gas Pool.

(4) That at present, the Justis Gas Pool has not been so far developed as to prevent the adoption of 320-acre spacing in said pool.

(5) That the adoption of 320-acre spacing in the Justis Gas Pool will not cause waste nor impair correlative rights.

(6) That the adoption of 320-acre spacing in the Justis Gas Pool will prevent the drilling of unnecessary wells in said pool.

IT IS THEREFORE ORDERED:

(1) That any well which was projected to or completed in the Justis Gas Pool prior to the effective date of this order be and the same is hereby granted an exception to Rule 5 hereinafter set forth.

(2) That an increase in the acreage dedicated to any such excepted well shall become effective the first day of the month following receipt by the Commission of Form C-128, Well Location and Acreage Dedication Plat, provided said Form C-128 indicates that the acreage dedicated to such well has been increased in conformance with the Special Rules and Regulations for the Justis Gas Pool.

(3) That Rule 5 of the Special Rules and Regulations for the Justis Gas Pool be and the same is hereby superseded by the following rule:

SPECIAL RULES AND REGULATIONS FOR THE JUSTIS GAS POOL

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the Gas Proration Unit for that well. For the purpose of Gas Allocation in the Justis Gas Pool, a standard proration unit shall consist of between 316 and 324 contiguous surface acres, substantially in the form of a rectangle which shall be a legal subdivision (half section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 320 acres. Any gas proration unit containing between 316 and 324 acres shall be considered to contain 320 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (d) of this Rule.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without notice and hearing where a verified application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The proposed non-standard proration unit consists of less than 320 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Justis Gas Pool.

5. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

6. The applicant presents written consent in the form of waivers from (a) all operators owning interests in section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

7. In lieu of sub-paragraph 6 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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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. 589
ORDER NO. R-375-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 27, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-375 was duly entered by the Commission. Order R-375 adopted the general or "stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Justis Gas Pool, heretofore established. R-375 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Justis Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Justis Gas Pool, and should conform, generally with the provisional special rules of Order R-375.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

Rule 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthdox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

Rule 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Justis Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

Rule 9. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from the Justis Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted

Rule 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

Rule 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

Rule 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

PROVIDED FURTHER that in order to inaugurate gas prorationing and allocation in the Justis Gas Pool on January 1, 1954 the Commission shall consider the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each pruchaser of gas from the Justis Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased commencing January 1, 1954. In this instance the list of

wells shall pertain solely to those wells which are gas wells and are not on the oil proration schedule.

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-375, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. Walker, Member

R. R. Spurrier, Member and Secretary

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OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1164
Order No. R-967

APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS
OWN MOTION FOR AN ORDER REVISING THE
SPECIAL RULES AND REGULATIONS FOR ALL
PRORATED GAS POOLS IN THE STATE OF
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of April 1957, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That, in order to promote a more efficient gas prorationing procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

IT IS THEREFORE ORDERED:

(1) That Commission Order R-128-D dated October 13, 1955, amending the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool as set forth in Commission Order R-110, dated November 9, 1951, be and the same is hereby amended as follows:

RULE 3 - R-128-D

In the event a gas purchasers' market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 4 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 4 - R-128-D

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for

that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 5 - R-128-D

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 5-A - R-128-D

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above.

RULE 6 - R-128-D

Underproduction: Any non-marginal 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.

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.

RULE 7 - R-128-D

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowables.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 9 - (Second Paragraph) R-128-D

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 5 of this order.

(2) That the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, and South Blanco-Pictured Cliffs Gas Pool as set forth in Commission Order-R-565-C, dated October 13, 1955, and the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool as set forth in Commission Order R-566-D, dated October 13, 1955; and the Special Rules and Regulations for the Ballard Pictured Cliffs Pool as set forth in Commission Order R-846, dated July 18, 1956, be and the same are hereby amended as follows:

RULE 8 - R-565-C, R-566-D, and R-846

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas be actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is

necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 9 - R-565-C, R-566-D and R-846

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 10 - 565-C, R-566-D & R-846

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 10A - R-565-C, R-566-D & R-846

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

RULE 11 - R-565-C, R-566-D, & R-846

Underproduction: Any non-marginal 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.

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.

RULE 12 - R-565-C, R-566-D & R-846

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 14 - R-565-C, R-566-D, & R-846

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

(3) That the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as set forth in Order R-520, dated August 12, 1954, and the Special Rules and Regulations for the Tubb, Byers-Queen and Justis Gas Pools as set forth in Order R-586, dated April 11, 1955 be and the same are amended as follows:

RULE 6 - R-520 and R-586

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other relevant data and shall fix the allowable production for the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an

allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

RULE 8 -R520 and R-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION

RULE 8-A - R-520 and R-586

The dates 7:00 a.m., January 1, and 7:00 a.m. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal 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.

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.

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is made up. If at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

(4) That the Special Rules and Regulations for the Blinebry Gas Pool as set forth in Order R-610, dated April 11, 1955, as amended by Order R-610-A, dated May 27, 1955, Order R-610-B, dated June 13, 1955, Order R-610-C, dated January 9, 1956, and Order R-610-D, dated February 26, 1957, be and the same are amended as follows:

RULE 10 - R-610

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production for the Blinebry Gas Pool.

(b) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

RULE 12 - R-610

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blinebry Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of

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(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production for the Blinebry Gas Pool.

(b) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

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The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of

the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION
RULE 12-A - R-610

The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 13 - R-610

Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry 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.

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.

RULE 14 - R-610

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shutin upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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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. 245
ORDER No. R-264

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER DESIGNATING, NAMING, DEFINING AND
EXTENDING THE GAS POOLS OF LEA, EDDY,
AND CHAVES COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a. m. on December 22, 1950, March 20, 1951, April 24, 1951, May 23, 1951, and July 24, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on the 17th., day of February, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearings, and being fully advised in the premises,

FINDS:

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

(2) That under the authority of Rule 601 of Order No. 850, effective January 1, 1950, the Commission instituted proceedings upon its own motion to name, classify and define the limits of all known and producing gas pools in the Counties of Lea, Eddy and Chaves, New Mexico.

(3) That during the years 1950 and 1951, the Commission did cause exhaustive studies to be made of all then known southeastern New Mexico gas reserves, and at the several hearings in this cause took voluminous testimony of production engineers, geologists and other experts to the end that the producing gas pools in the area aforesaid should be named, defined and properly classified as such in the interests of conservation, prevention of waste, and the protection of correlative rights.

(4) That the following definitions and classifications of gas pools in Eddy, Lea and Chaves Counties, New Mexico will result in a more efficient administration of the conservation laws of the State of New Mexico.

(a) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Jalco Gas Pool, with the following description:

Township 21 South, Range 35 East, NMPM
E/2 Sec. 12; E/2 Sec. 13; E/2 Sec. 24.

Township 21 South, Range 36 East, NMPM
W/2 Sec. 7; W/2 Sec. 18; W/2 and SE/4 Sec. 19; SW/4 Sec. 20; All Secs. 29 thru 32, incl.

Township 22 South, Range 36 East, NMPM
All Secs. 5 thru 8 incl.; All Sec. 17; N/2 and SE/4 Sec. 18; NE/4 Sec. 19; All Sec. 20; NW/4 Sec. 28; All Sec. 29 and 32; SW/4 Sec. 33.

Township 23 South, Range 36 East, NMPM
All Sec. 4; N/2 and SE/4 Sec. 5; E/2 Sec. 8; All Sec. 9; All Sec. 16; NE/4 Sec. 17; All Sec. 21; W/2 Sec. 27; E/2 Sec. 28; E/2 Sec. 33; W/2 and SE/4 Sec. 34.

Township 24 South, Range 36 East, NMPM
All Sec. 3; E/2 Sec. 4; NE/4 Sec. 9; N/2 and SE/4 Sec. 10; W/2 Sec. 11; All Sec. 14; E/2 Sec. 15; All Secs. 22 and 23; S/2 Sec. 25; All Sec. 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 24 South, Range 37 East, NMPM
S/2 Sec. 31.

Township 25 South, Range 36 East, NMPM
All Sec. 1; N/2 Sec. 2; All Secs. 12, 13, 24 and 25; NE/4 Sec. 36.

Township 25 South, Range 37 East, NMPM
All Secs. 6 and 7; SW/4 Sec. 8; S/2 and NW/4 Sec. 16; All Secs. 17 thru 21 incl.; All Secs. 28 thru 33 incl.; W/2 Sec. 34.

Township 26 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 thru 9 incl.; W/2 Sec. 10; All Secs. 18 and 19; W/2 Sec. 29; E/2 and NW/4 Sec. 30; NE/4 Sec. 31; NW/4 Sec. 32.

(b) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Langmat Gas Pool, with the following description:

Township 21 South, Range 36 East, NMPM
W/2 Sec. 28; All Secs. 33 and 34.

Township 22 South, Range 36 East, NMPM
All Secs. 3, 4, 9 and 10; SW/4 Sec. 11; W/2 Sec. 14; All Secs. 15 and 16; All Secs. 21, 22 and 23; All Secs. 25, 26, 27; S/2 and NE/4 Sec. 28; N/2 and SE/4 Sec. 33; All Secs. 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
SW/4 Sec. 31

Township 23 South, Range 36 East, NMPM
All Secs. 1, 2 and 3; All Secs. 10 thru 15 incl.; All Secs. 22 thru 26 incl.; E/2 Sec. 27; NE/4 Sec. 34; All Secs. 35 and 36.

Township 23 South, Range 37 East, NMPM
All Secs. 6, 7, 18 and 19; W/2 Sec. 29; All Secs. 30 and 31; W/2 Sec. 32.

Township 24 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 11; All Secs. 12, 13, 24; N/2 Sec. 25.

Township 24 South, Range 37 East, NMPM
All Secs. 5 thru 8 incl.; W/2 Sec. 9; W/2 Sec. 16; All Sec. 17 thru 21 incl.; All Secs. 28, 29 and 30; N/2 Sec. 31; All Secs. 32 and 33; SW/4 Sec. 34.

Township 25 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 and 5; N/2 and SE/4 Sec. 8; All Sec. 9; W/2 and SE/4 Sec. 10; All Sec. 15; NE/4 Sec. 16; All Sec. 22; N/2 Sec. 27.

(c) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Eumont Gas Pool, with the following description:

Township 19 South, Range 36 East, NMPM
SE/4 Sec. 13; S/2 Sec. 23; S/2 and NE/4 Sec. 24; All Secs. 25 and 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 19 South, Range 37 East, NMPM
SE/4 Sec. 7; SW/4 Sec. 8; All Secs. 17 thru 20 incl.; W/2 Sec. 21; W/2 Sec. 27; All Secs. 28 thru 34 incl.

Township 20 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 3; E/2 Sec. 10; All Secs. 11 thru 14; incl.; NE/4 Sec. 15; N/2 and SE/4 Sec. 23; All Sec. 24 and 25; E/2 Sec. 26; E/2 Sec. 35; All Sec. 36.

Township 20 South, Range 37 East, NMPM
All Secs. 3 thru 9 incl.; W/2 Sec. 10; W/2 Sec. 15; All Secs. 16 thru 20 incl.; W/2 and NE/4 Sec. 21; NW/4 Sec. 22; W/2 Sec. 29; All Secs. 30, 31 and 32; W/2 Sec. 33.

Township 21 South, Range 35 East, NMPM
SE/4 and Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Sec. 1.

Township 21 South, Range 36 East, NMPM
SW/4 Sec. 1; S/2 and Lots 11, 12, 13 and 14 of Sec. 2; S/2 and Lots 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15 and 16 of Sec. 3; All Secs. 4, 5 and 6; E/2 Sec. 7; All Secs. 8 thru 11, incl.; W/2 Sec. 12; NW/4 Sec. 13; N/2 and SW/4 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 18; NE/4 Sec. 19; N/2 and SE/4 Sec. 20; All Sec. 21; W/2 and NE/4 Sec. 22; E/2 Sec. 28.

(d) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Arrow Gas Pool, with the following description:

Township 21 South, Range 36 East, NMPM
SE/4 Sec. 24; All Sec. 25; S/2 and NE/4 Sec. 35; All Sec. 36.

Township 22 South, Range 36 East, NMPM
All Secs. 1 and 2; NE/4 Sec. 11; All Sec. 12; N/2 and SE/4 Sec. 13.

Township 22 South, Range 37 East, NMPM
W/2 Sec. 7; All Sec. 18; N/2 Sec. 19.

(e) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Tubb Gas Pool, with the following description:

Township 21 South, Range 37 East, NMPM
SW/4 and Lots 3, 4, 5, 6, 11, 12, 13 and 14 of Sec. 2; All of Sec. 3; SE/4 and Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Sec. 4; E/2 Sec. 8; All Secs. 9 and 10; W/2 Sec. 11; W/2 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 19; All Secs. 20 thru 23; incl.; W/2 Sec. 25; All Secs. 26 thru 29 incl.; E/2 Sec. 30; E/2 Sec. 31; All Sec. 32 thru 36 incl.

Township 22 South, Range 37 East, NMPM
All Secs. 1 thru 5; incl.; E/2 Sec. 6; All Secs. 8 thru 16 incl.; E/2 Sec. 21; All Secs. 22, 23 and 24.

Township 22 South, Range 38 East, NMPM
W/2 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; W/2 Sec.19.

(f) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Blinebry Gas Pool, with the following description:

Township 21 South, Range 37 East, NMPM
S/2 Sec. 10; S/2 Sec. 11; All Secs. 14, 15, 22, 23, 26, 27, 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
All Secs. 1, 2, 3, 4, 10, 11, 12, 13, 14, 23, 24 and 25.

Township 22 South, Range 38 East, NMPM
W/2 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; All Secs. 19, 30 and 31.

(g) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Amanda Gas Pool, with the following description:

Township 22 South, Range 37 East, NMPM
All Sec. 25.

(h) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Monument-McKee Gas Pool, with the following description:

Township 19 South, Range 36 East, NMPM
All of Sec. 36.

Township 19 South, Range 37 East, NMPM
All of Sec. 31.

Township 20 South, Range 36 East, NMPM
All of Sec. 1.

Township 20 South, Range 37 East, NMPM
All of Sec. 6.

(i) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Byers-Queen Gas Pool, with the following description:

Township 18 South, Range 38 East, NMPM
All of Secs. 29, 30, 31, and 32.

(j) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Maljamar-Queen Gas Pool, with the following description:

Township 17 South, Range 32 East, NMPM
SW/4 and W/2 SE/4 Sec. 15; All of Sec. 16;
NE/4 Sec. 21; NW/4 and W/2 NE/4 Sec. 22.

(k) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Vandagriff-Keyes Gas Pool, with the following description:

Township 17 South, Range 28 East, NMPM
S/2 Sec. 3; S/2 and NW/4 Sec. 4; All of
Sec. 5; NE/4 Sec. 8; All of Sec. 9 and 10.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission, be and the same hereby is approved, as follows:

I. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Jalco Gas Pool and described as follows:

Township 21 South, Range 35 East, NMPM
E/2 Sec. 12; E/2 Sec. 13; E/2 Sec. 24.

Township 21 South, Range 36 East, NMPM
W/2 Sec. 7; W/2 Sec. 18; W/2 and SE/4 Sec. 19; SW/4 Sec. 20; All Secs. 29 thru 32 incl.

Township 22 South, Range 36 East, NMPM
All Secs. 5 thru 8 incl.; All Sec. 17; N/2 and SE/4 Sec. 18; NE/4 Sec. 19; All Sec. 20; NW/4 Sec. 28; All Sec. 29 and 32; SW/4 Sec. 33.

Township 23 South, Range 36 East, NMPM
All Sec. 4; N/2 and SE/4 Sec. 5; E/2 Sec. 8; All Sec. 9; All Sec. 16; NE/4 Sec. 17; All Sec. 21; W/2 Sec. 27; E/2 Sec. 28; E/2 Sec. 33; W/2 and SE/4 Sec. 34.

Township 24 South, Range 36 East, NMPM
All Sec. 3; E/2 Sec. 4; NE/4 Sec. 9; N/2 and SE/4 Sec. 10; W/2 Sec. 11; All Sec. 14; E/2 Sec. 15; All Secs. 22 and 23; S/2 Sec. 25; All Sec. 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 24 South, Range 37 East, NMPM
S/2 Sec. 31.

Township 25 South, Range 36 East, NMPM
All Sec. 1; N/2 Sec. 2; All Secs, 12, 13, 24 and 25; NE/4 Sec. 36.

Township 25 South, Range 37 East, NMPM
All Secs. 6 and 7; SW/4 Sec. 8; S/2 and NW/4 Sec. 16; All Secs. 17 thru 21 incl.; All Secs. 28 thru 33 incl.; W/2 Sec. 34.

Township 26 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 thru 9 incl.; W/2 Sec. 10; All Secs. 18 and 19; W/2 Sec. 29; E/2 and NW/4 Sec. 30; NE/4 Sec. 31; NW/4 Sec. 32.

(2) That the producing formation in the Jalco Gas Pool shall extend from the top of the Yates formation to a point 100 feet above the base of the Seven Rivers formation.

II. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Langmat Gas Pool and described as follows:

Township 21 South, Range 36 East, NMPM
W/2 Sec. 28; All Secs. 33 and 34.

Township 22 South, Range 36 East, NMPM
All Secs. 3, 4, 9 and 10; SW/4 Sec. 11; W/2 Sec. 14; All Secs. 15 and 16; All Secs. 21, 22 and 23; All Secs. 25, 26, 27; S/2 and NE/4 Sec. 28; N/2 and SE/4 Sec. 33; All Secs. 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
SW/4 Sec. 31.

Township 23 South, Range 36 East, NMPM
All Secs. 1, 2 and 3; All Secs. 10 thru 15 incl.; All Secs. 22 thru 26 incl.; E/2 Sec. 27; NE/4 Sec. 34; All Secs. 35 and 36.

Township 23 South, Range 37 East, NMPM
All Secs. 6, 7, 18 and 19; W/2 Sec. 29; All Secs. 30 and 31; W/2 Sec. 32.

Township 24 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 11; All Secs. 12, 13, 24; N/2 Sec. 25.

Township 24 South, Range 37 East, NMPM
All Secs. 5 thru 8 incl.; W/2 Sec. 9; W/2 Sec. 16; All Sec. 17 thru 21 incl.; All Secs. 28, 29 and 30; N/2 Sec. 31; All Secs. 32 and 33; SW/4 Sec. 34.

Township 25 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 and 5; N/2 and SE/4 Sec. 8; All Sec. 9; W/2 and SE/4 Sec. 10; All Sec. 15; NE/4 Sec. 16; All Sec. 22; N/2 Sec. 27.

(2) That the producing formation in the Langmat Gas Pool shall extend from the top of the Yates formation to a point 100 feet above the base of the Seven Rivers formation.

III (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Eumont Gas Pool and described as follows:

Township 19 South, Range ~~36~~ 36 East, NMPM
SE/4 Sec. 13; S/2 Sec. 23; S/2 and NE/4 Sec. 24; All Secs. 25 and 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 19 South, Range 37 East, NMPM
SE/4 Sec. 7; SW/4 Sec. 8; All Secs. 17 thru 20 incl.; W/2 Sec. 21; W/2 Sec. 27; All Secs. 28 thru 34 incl.

Township 20 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 3; E/2 Sec. 10; All Secs. 11 thru 14 incl.; NE/4 Sec. 15; N/2 and SE/4 Sec. 23; All Sec. 24 and 25; E/2 Sec. 26; E/2 Sec. 35; All Sec. 36.

Township 20 South, Range 37 East, NMPM
All Secs. 3 thru 9 inc.; W/2 Sec. 10; W/2 Sec. 15; All Secs. 16 thru 20 incl.; W/2 and NE/4 Sec. 21; NW/4 Sec. 22; W/2 Sec. 29; All Secs. 30, 31 and 32; W/2 Sec. 33.

Township 21 South, Range 35 East, NMPM
SE/4 and Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Sec. 1.

Township 21 South, Range 36 East, NMPM
SW/4 Sec. 1; S/2 and Lots 11, 12, 13 and 14 of Sec. 2; S/2 and Lots 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15 and 16 of Sec. 3; All Sec. 4, 5 and 6; E/2 Sec. 7; All Secs. 8 thru 11; incl. W/2 Sec. 12; NW/4 Sec. 13; N/2 and SW/4 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 18; NE/4 Sec. 19; N/2 and SE/4 Sec. 20; All Sec. 21; W/2 and NE/4 Sec. 22; E/2 Sec. 28.

(2) That the producing formation in the Eumont Gas Pool shall extend from the top of the Yates formation to a point 200 feet below the top of the Queen formation thereby including all of the Seven Rivers formation.

IV. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Arrow Gas Pool and described as follows:

Township 21 South, Range 36 East, NMPM
SE/4 Sec. 24; All Sec. 25; S/2 and NE/4 Sec. 35; All Sec. 36.

Township 22 South, Range 36 East, NMPM
All Secs. 1 and 2; NE/4 Sec. 11; All Sec. 12; N/2 and SE/4 Sec. 13.

Township 22 South, Range 37 East, NMPM
W/2 Sec. 7; All Sec. 18; N/2 Sec. 19.

(2) That the producing formation in the Arrow Gas Pool shall extend from the top of the Yates formation to a point 200 feet below the top of the Queen formation, thereby including all of the Seven Rivers formation.

V. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Tubb Gas Pool and described as follows:

Township 21 South, Range 37 East, NMPM
SW/4 and Lots 3, 4, 5, 6, 11, 12, 13 and 14 of Sec. 2; All of Sec. 3; SE/4 and Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Sec. 4; E/2 Sec. 8; All Secs. 9 and 10; W/2 Sec. 11; W/2 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 19; All Secs. 20 thru 23; incl.; W/2 Sec. 25; All Secs. 26 thru 29 inc.; E/2 Sec. 30; E/2 Sec. 31; All Secs. 32 thru 36 incl.

Township 22 South, Range 37 East, NMPM
All Secs. 1 thru 5 incl.; E/2 Sec. 6; All Secs. 8 thru 16 incl.; E/2 Sec. 21; All Secs. 22, 23 and 24.

Township 22 South, Range 38 East, NMPM
W/2 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; W/2 Sec. 19.

(2) That the producing formation in the Tubb Gas Pool shall extend from the top of the Tubb sand to a point 225 feet below the top of the Tubb sand.

VI. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Blinebry Gas Pool and described as follows:

Township 21 South, Range 37 East, NMPM
S/2 Sec. 10; S/2 Sec. 11; All Secs. 14, 15, 22, 23, 26, 27, 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
All Secs. 1, 2, 3, 4, 10, 11, 12, 13, 14, 23, 24 and 25.

Township 22 South, Range 38 East, NMPM
W/2 Sec.6; W/2 Sec. 7; W/2 Sec. 18; All Secs. 19, 30 and 31.

(2) That the producing formation in the Blinebry gas pool shall be all of the Blinebry formation.

VII. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Amanda Gas Pool and described as follows:

Township 22 South, Range 37 East, NMPM
All Sec. 25.

(2) That the producing formation in the Amanda Gas Pool shall be known as the Amanda zone of lower Permian encountered at an approximate depth of 7050 feet.

VIII. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Monument-McKee Gas Pool and described as follows:

Township 19 South, Range 36 East, NMPM
All of Sec. 36.

Township 19 South, Range 37 East, NMPM
All of Sec. 31.

Township 20 South, Range 36 East, NMPM
All of Sec. 1.

Township 20 South, Range 37 East, NMPM
All of Sec. 6

(2) That the producing formation in the Monument-McKee Gas Pool shall be the McKee sand of the Simpson formation.

IX. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Byers-Queen Gas Pool and described as follows:

Township 18 South, Range 38 East, NMPM
All of Secs. 29, 30, 31 and 32.

(2) That the producing formation in the Byers-Queen Gas Pool shall be the Queen formation.

X.(1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Maljamar-Queen Gas Pool and described as follows:

Township 17 South, Range 32 East, NMPM
SW/4 and W/2 SE/4 Sec. 15; All of Sec. 16;
NE/4 Sec. 21; NW/4 and W/2 NE/4 Sec. 22.

(2) That the producing formation in the Maljamar-Queen Gas Pool shall be the Queen formation.

XI. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Vandagriff-Keyes Gas Pool and described as follows:

Township 17 South, Range 28 East, NMPM
S/2 Sec. 3; S/2 and NW/4 Sec. 4; All of
Sec. 5; NE/4 Sec. 8; All of Sec. 9 and 10.

(2) That the producing formation in the Vandagriff-Keyes Gas Pool shall be the Queen formation encountered at an approximate depth of 1400 feet.

IT IS FURTHER ORDERED:

That due to the extensive development program being carried on by the oil and gas operators in the southeastern New Mexico, and the possible enlargement of existing pools or discovery of new pools, the Commission orders that further testimony in the matter be received at the regular monthly hearing of the Commission on April 16, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

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:

CONSOLIDATION OF
CASES 245 AND 521
ORDER No. R-264-A

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
DESIGNATING, NAMING, DEFINING
AND EXTENDING THE GAS POOLS
OF LEA, EDDY AND CHAVES COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 16, 1953, May 19, 1953, June 16, 1953, July 16, 1953, and August 20, 1953, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 10th day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received in the hearings, and being fully advised in the premises,

FINDS:

(1) That due notice having been given as required by law, the Commission has jurisdiction of this case.

(2) That by virtue of Order No. R-264 entered February 17, 1953, in Case No. 245, the Commission defined and classified certain gas pools of Lea, Eddy and Chaves Counties, New Mexico, and ordered further testimony taken at the April 16, 1953, Commission hearing in the premises,

(3) That at the April 16, 1953, Commission hearing it was ordered that Cases 245 and 521 be, and they were at that time consolidated for purposes of the record.

(4) That successive hearings were had May 19, June 16, July 16, and August 20, 1953, on the case as consolidated, resulting in Order R-356, being the special "stand-by" rules and regulations in the matter of proration of gas-well gas producible from the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, and as classified and defined in Order R-264.

(5) That by reason of interim development, the areal boundary of the Jalco Gas Pool as fixed by Order R-264 should be extended in accordance with testimony adduced at the hearings.

(6) That the vertical productive limits of the Eumont Gas Pool as fixed by Order R-264 should be changed to include therein all the Queen formation.

(7) That the vertical productive limits of the Blinebry Gas Pool as fixed by Order R-264 should be more specifically defined.

(8) That the areal and vertical productive limits of the Justis Gas Pool heretofore defined and classified as a gas pool by Order No. 850 should be redefined areally and vertically.

IT IS THEREFORE ORDERED:

(1) That Order R-264, as hereinafter amended, and Order R-356 be and they hereby are declared to be supplementary orders.

(2) That the areal boundary of the Jalco Gas Pool, as described in Order R-264, be, and the same hereby is extended to include therein, as a part of said pool, the following described area:

Township 26 South, Range 37 East, NMPM
All of Sections 15, 16, 17, 20, 21, 22, 27, and 28;
E/2 Section 29;
E/2 Section 32;
all of Sections 33 and 34

(3) That Section III (2) of Order R-264 be, and the same hereby is amended to read as follows:

"III (2) That the producing formation of the Eumont Gas Pool shall extend from the top of the Yates formation to the top of the Grayburg formation, thereby including all of the Yates, Seven Rivers and Queen formations."

(4) That Section VI (2) of Order R-264 be, and the same hereby is amended to read as follows:

"VI (2) That the producing formation of the Blinebry Gas Pool shall be that part of the Yeso formation included from the base of the Upper Yeso sandy section, which occurs at an average depth of 450 feet below the Glorieta formation, to the top of the Tubb sand."

(5) That that part of Appendix 'A' of Order No. 850 relating to the Justis Gas Pool pursuant to Rule 5 of said order be, and the same hereby is amended to read as follows:

"Appendix A - The producing formation of the Justis Gas Pool shall be the 200 feet immediately below the top of the Glorieta formation; that the said pool, classified as a gas pool, is described as follows:

Township 25 South, Range 37 East, NMPM
SW/4 Section 1; SE/4 Section 2;

E/2 Section 11; W/2 Section 12;
W/2 Section 13; E/2 Section 14;
E/2 Section 23; W/2 Section 24

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, CHAIRMAN

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

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. 521
Order No. R-356

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER ESTABLISHING MEANS AND METHODS
FOR THE PRORATION OF NATURAL GAS IN LEA,
EDDY, CHAVES AND ROOSEVELT COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1953, April 16, 1953, May 19, 1953, June 16, 1953, July 16, 1953, and August 20, 1953, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 28th day of August, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received in the hearings, 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 the cause and the subject matter thereof.

(2) That for the prevention of waste and protection of correlative rights proper special Rules and Regulations relating to the proration of gas-well gas produced in the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, should be promulgated.

IT IS THEREFORE ORDERED:

SECTION A. That the following rules pertaining to gas well spacing in defined gas pools and acreage requirements for drilling tracts within the defined limits of gas pools in Eddy, Lea, Chaves and Roosevelt Counties, be and the same hereby are adopted effective immediately.

I. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. The Secretary of the Commission shall have authority to grant an exception to the requirements of Statewid Rule 104, Sections (a), (b), (c), and (d),

without notice and hearing where application has been filed in due form, and,

(a) When the necessity for the unorthodox location is based on topographical conditions, or is occasioned by the recompletion of a well previously drilled to another horizon, and

(b) When either one of the following is applicable:

1. When the ownership of all oil and gas leases within a radius of 1320 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location.

2. When all owners of oil and gas leases within such radius consent in writing to the proposed location.

(The above provisions of Rule 1 supersede Rule 104 (f).)

RULE 2. The provisions of Statewide Rule 104 Paragraph (k), shall not apply to gas pools located in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

SECTION B. That the following rules shall apply to defined gas pools in Eddy, Lea, Chaves and Roosevelt Counties only after hearings are held and an order issued on each individual pool. These rules shall be considered as "standby rules" and shall be used as a guide in establishing pool rules.

II. GAS PRORATION.

RULE 3. At such time as the Commission determines that allocation of gas production from gas wells producing from any pool in this four-county area is necessary to prevent waste or to protect correlative rights, the Commission, after notice and hearing, shall consider the nominations of gas purchasers from such gas pool and other relevant data, and shall fix the allowable production of such pool, and shall allocate production among the gas wells in such pool upon a reasonable basis with due regard to correlative rights. Unless special pool rules are adopted as provided in Rule 4 below, the general provisions of this rule shall apply to each gas pool allocated under this rule.

RULE 4. After notice and hearing, the Commission, in order to protect correlative rights, or prevent waste, or both, may promulgate special rules, regulations or orders pertaining to any gas pool.

(The above provisions of Rules 3 and 4 supersede Statewide Rule 602)

III. PRORATION UNITS.

RULE 5. For the purpose of gas allocation in the absence of special pool rules a standard proration unit shall consist of between 158 and 162 contiguous surface acres

substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or after the Commission has been furnished waivers from all offsetting operators, if all acreage is contiguous and does not contain more than four legal quarter-quarter sections and/or lots. Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

IV. GAS ALLOCATION.

RULE 6. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from each gas pool from which it purchases gas. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 7. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from each gas pool from which it purchases gas. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable.

RULE 8. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units; provided that for this purpose standard units shall be as defined in Rule 5 above. More than one proration unit or fractional parts thereof may be assigned to a gas well and the allowables assigned said well may be increased proportionately, provided that:

a. No more than 640 acres shall be assigned to any one well.

b. All acreage in such units may reasonably be presumed to be productive of gas.

c. The multiple unit so formed shall not have an overall length or width exceeding 5,280 feet.

d. Where not more than two proration units are assigned to a well, the well shall not be located closer than 660 feet to the longest boundary of the pooled units nor less than 1320 feet from the shortest boundary of the pooled units. Where three or more units are pooled the well shall not be located closer than 1320 feet to the outer boundary of the pooled unit.

e. Exceptions to the provisions of this rule may be granted by the Commission after notice and hearing or after the Commission has been furnished waivers by all offsetting operators.

(The above provisions of Rules 6, 7 and 8 supersede Statewide Rule 602)

V. BALANCING OF PRODUCTION.

RULE 9. Underproduction: The dates 7:00 A.M. January 1 and 7:00 A.M. July 1 shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said over production until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

(The above provisions of Rules 9 and 10 supersede Statewide Rule 604)

VI. GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

VII. REPORTING OF PRODUCTION.

RULE 13. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

VIII. DEFINITIONS.

RULE 14. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

(The above Rule supersedes Statewide Definition A-24)

RULE 15. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 582
Order No. R-368

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE JALCO GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Jalco Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Jalco Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Jalco Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Jalco Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m., on October 26, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 582
Order No. R-368-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 26, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-368 was duly entered by the Commission. Order R-368 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Jalco Gas Pool, heretofore established. R-368 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony addduced Special Pool rules should be promulgated for the Jalco Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Jalco Pool, and should conform, generally with the provisional special rules of Order R-368.

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

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

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

(8) That the area within the exterior boundaries of the Jalco Gas Pool known and described as the "Rhodes Storage Area" should be exempt from the Special Rules and Regulations applicable to the Jalco Gas pool provided acceptable reports of operations in said storage area are regularly filed,

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8 At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalco Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Jalco Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalco Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted tosuch non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045 Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from

each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

PROVIDED FURTHER that the provisions of these rules contained herein shall not apply to those wells involved in the Rhodes Storage Area. Provided, however, that operators in the Rhodes Storage Area shall submit semi-annual reports, corresponding with the Jalco Gas Pool proration period, said reports shall contain statistical information showing the amount of gas injected and withdrawan from storage during each period and the cumulative amount of gas injected and withdrawan at the end of the proration period.

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-368, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

E. S. Walker, Member

R. R. Spurrier, Member and Secretary

S E A L

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. 582
Order No. R-368-B

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION ON ITS
OWN MOTION FOR ALL OPERATORS
AND INTERESTED PARTIES IN THE
JALCO GAS POOL TO SHOW CAUSE WHY
THE RULES AND REGULATIONS AS SET
OUT IN ORDER NO. R-356, WITH ANY
ESSENTIAL AMENDMENTS, SHOULD NOT
BE PUT INTO EFFECT.

ORDER OF THE COMMISSION FOR RE-HEARING

This case came on for consideration upon petition of Texas Pacific Coal and Oil Company for re-hearing on Orders R-368 and R-368-A heretofore entered by the Commission.

NOW, on this 7th day of December, 1953, the Commission, a quorum being present, having fully considered said application for re-hearing.

IT IS HEREBY ORDERED:

That the above-entitled matter be reopened and a re-hearing in said cause be held January 21, 1954, at 9 o'clock a.m. on said day at Santa Fe, New Mexico, or at such time as the Commission may designate after due notice, at which time and place all interested parties may appear.

IT IS FURTHER ORDERED: That Orders R-368 and R-368-A (relating to the Jalco Gas Pool) shall remain in full force and effect until further order of the Commission.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

E. S. Walker, Member

S E A L

R. R. Spurrier, Member and Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 583
Order No. R-369

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE LANGMAT GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

Now, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Langmat Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Langmat Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the

special rules and regulations of the Langmat Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Langmat Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m. on October 27, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

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. 583
ORDER NO. R-369-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 27, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-369 was duly entered by the Commission. Order R-369 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Langmat Gas Pool, heretofore established. R-369 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Langmat Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Langmat Gas Pool, and should conform, generally with the provisional special rules of Order R-369.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the

unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Langmat Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Langmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Langmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas Purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-369, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

S E A L

R. R. SPURRIER, Member & Secretary

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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. 579
Order No. R-395

THE APPLICATION OF THE COMMISSION ON
ITS OWN MOTION FOR AN ORDER CREATING
THE FALBY-YATES POOL AND DELETING
CERTAIN EXISTING AREAS FROM THE COOPER-
JAL AND LANGLIE-MATTIX POOLS IN LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on September 17, 1953, and October 15, 1953, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", at Santa Fe, New Mexico.

NOW, on this 10th day of December, 1953, the Commission, a quorum being present,

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 reason of the special geological situation existing, deletion of certain acreage from the Cooper-Jal and Langlie-Mattix Pools, and the creation and classification of the Falby-Yates Pool for Yates zone production should be accomplished; and

(3) That special regulations for the area are indicated.

IT IS THEREFORE ORDERED:

(1) That the application of the Commission upon its own motion for the deletion of:

Township 24 South, Range 36 East, NMPM
Section 23: E/2 SE/4;
Section 24: NE/4 NW/4, S/2 NW/4, SW/4:
Section 25: NW/4;
Section 26: E/2 NE/4

from the Cooper-Jal Pool in Lea County, New Mexico; and the deletion of:

Township 24 South, Range 36 East, NMPM
Section 24: NE/4 NE/4, S/2 NE/4, SE/4;
Section 25: NE/4

Township 24 South, Range 37 East, NMPM
Section 19: NE/4, NW/4, S/2 NW/4, SW/4;
Section 30: NW/4

from the Langlie-Mattix Pool, in said County of Lea, New Mexico, be, and the same hereby is approved.

(2) That the application of the Commission upon its own motion for an order creating a new pool, classified as an oil pool for Yates production, designated as the Falby-Yates Pool and described as:

Township 24 South, Range 36 East, NMPM
Section 23: E/2 SE/4;
Section 24: NE/4 NW/4, NE/4 NE/4, S/2N/2,S/2;
Section 25: N/2
Section 26: E/2 NE/4

Township 24 South, Range 37 East, NMPM
Section 19: W/2; Section 30; NW/4

be, and the same hereby is approved.

(3) That all existing producing oil wells in the Falby-Yates Pool, as of January 1, 1954, which are marketing casinghead gas in addition to oil, shall be accorded an unlimited gas-oil ratio; that such wells producing but not marketing, or otherwise beneficially using, gas are hereby placed, as of the date aforesaid, on a gas-oil ratio limitation of 6,000 CF to 1 barrel of oil.

IT IS FURTHER ORDERED: That each and all operators in the Falby-Yates Oil Pool shall, prior to January 15, 1954, submit reports on OCC Forms C-116 and C-110 showing oil and gas production, and disposition of casinghead gas produced with oil as criteria for assignment of allowables based upon GOR tests, and casinghead gas marketing conditions.

IT IS FURTHER ORDERED: That from and after the entering of this order, all wells drilled or recompleted in the Falby-Yates Pool shall be completed or recompleted in such a manner that the Yates zone shall be completely segregated from every other zone or geologically identified formation, the method and separation subject to approval of Commission engineers.

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

State of New Mexico
Oil Conservation Commission

Signed: Edwin L. Mechem, Chairman; E. S. Walker, Member; R. R. Spurrier, Secy.

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. 673
ORDER NO. R-520

THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER AMENDING, REVISING OR ABROGATING EXISTING RULES AND REGULATIONS OF THE OIL CONSERVATION COMMISSION, AND/OR PROMULGATING RULES AND REGULATIONS, RELATING TO GAS POOL DELINEATION, GAS PRORATION, AND OTHER RELATED MATTERS, AFFECTING OR CONCERNING THE JALCO, LANGMAT, EUMONT, AND ARROW GAS POOLS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1954, April 15, 1954, May 10, 1954, and May 11, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 12th day of August, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under date of February 17, 1953, the Commission issued its Order No. R-264 creating the Jalco, Langmat, Arrow, and Eumont Gas Pools. That Order R-264 defined the vertical and horizontal limits of the Langmat, Jalco, Eumont and Arrow gas pools and that by subsequent orders the Commission extended the horizontal limits of the Jalco and Eumont Gas Pools and extended the vertical limits of the Eumont Gas Pool.

(3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-368, R-369, R-370 and R-371 and under date of November 10, 1953, the Commission issued its Orders Nos. R-368-A, R-369-A, R-370-A and R-371-A, providing rules, definitions and procedures to be followed in prorating gas in the jalco, Langmat, Eumont and Arrow gas pools; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.

(4) That the Eumont and Arrow Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order; that the Jalco and Langmat Gas Pools are in fact one common gas reservoir, and said reservoir should be designated the "Jalmat Gas Pool" and delineated as set forth in this order.

(5) That the producing capacity of the gas wells in the Jalmat, Eumont and Arrow Gas Pools is greater than the market demand for gas from each of such pools.

(6) That for the prevention of waste it is necessary to allocate and prorate the gas production among the gas wells in the Jalmat, Eumont and Arrow Gas Pools in accordance with provisions of this order.

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Jalmat, Eumont and Arrow gas pools be prorated in accordance with the terms and provisions of this order.

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Jalmat, Eumont and Arrow gas pools upon a reasonable basis and give appropriate recognition to correlative rights.

(9) That one gas well in the Jalmat, Eumont and Arrow Gas Pools can efficiently drain 640 acres.

(10) That for the prevention of waste, a limiting gas-oil ratio of 10,000-to-1 should be assigned to the units in the following pools, namely: Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool, Rhodes Oil Pool, Jalmat Gas Pool, Arrow Gas Pool and Eumont Gas Pool.

(11) To prevent waste, the vertical limits of the following oil pools namely: Eunice-Monument Oil Pool, Arrowhead Oil Pool, South Eunice Oil Pool, Langlie-Mattix Oil Pool, Cooper-Jal Oil Pool, Rhodes Oil Pool, Eaves Oil Pool, Hardy Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, should be redefined as provided hereinafter in this order so that the vertical limits of the said oil pools will not conflict with the vertical limits of overlying gas pools.

(12) That the horizontal limits of the oil pools named in Finding No. 11 should be defined as hereinafter set forth in this order.

(13) That the Falby-Yates Oil Pool should be abolished.

(14) That in the interests of conservation, the special rules hereinafter set forth governing the production of oil from wells completed within the vertical and horizontal limits of the Jalmat, Eumont and Arrow gas pools should be adopted.

(15) That for the prevention of waste and the protection of correlative rights, the special rules contained in this order should be adopted to govern the production of oil from wells completed or recompleted in such a manner that the bore hole of the well is open in both the upper gas pools and the underlying oil pools.

(16) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.

IT IS THEREFORE ORDERED:

(1) That the Jalmat Gas Pool be and the same hereby is created. The vertical limits of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100

feet above the base of the Seven Rivers formation, thereby including all of the Yates formation. The horizontal limits of the Jalmat Gas Pool shall be the area as described in Exhibit "A" attached hereto and made a part hereof.

(2) That the vertical limits of the Eumont Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Eumont Gas Pool shall be the area as described in Exhibit "B" attached hereto and made a part hereof.

(3) That the vertical limits of the Arrow Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Arrow Gas Pool shall be the area as described in Exhibit "C" attached hereto and made a part hereof.

(4) That the vertical limits of the Eunice-Monument Oil Pool, heretofore created, shall include all of the Grayburg and San Andres formations. The horizontal limits of the Eunice-Monument Oil Pool shall be the area as described in Exhibit "D" attached hereto and made a part hereof.

(5) That the vertical limits of the Arrowhead Oil Pool shall include all of the Grayburg formation.

(6) That the vertical limits of the following oil pools, heretofore created, defined and described shall extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation.

Cooper-Jal Oil Pool
South Eunice Oil Pool
Langlie-Mattix Oil Pool

(7) That the horizontal limits of the Cooper-Jal Oil Pool shall be the area as described in Exhibit "E" attached hereto and made a part hereof.

(8) That the horizontal limits of the Langlie-Mattix Oil Pool shall be the area as described in Exhibit "F" attached hereto and made a part hereof.

(9) That the horizontal limits of the South Eunice Oil Pool shall be the area as described in Exhibit "G" attached hereto and made a part hereof.

(10) That no gas, either dry gas or casinghead gas, shall be flared or vented in the following pools unless specifically authorized by order of the Commission after notice and hearing:

Eunice-Monument Oil Pool
South Eunice Oil Pool
Hardy Oil Pool
Penrose-Skelly Oil Pool
Cooper-Jal Oil Pool
Arrowhead Oil Pool
Langlie-Mattix Oil Pool
Rhodes Oil Pool
Leonard Oil Pool
South Leonard Oil Pool

Eaves Oil Pool
Arrow Gas Pool
Eumont Gas Pool
Jalmat Gas Pool

This rule shall become effective November 1,1954. Any operator desiring to obtain exception from the provisions of this rule shall apply for hearing prior to September 15, 1954. All operators shall file Form C-110, in duplicate, designating thereon the disposition of all dry gas or casinghead gas from each well in each pool listed above. Within 15 days after completion of any oil or gas well within the boundaries of the above listed pools, the operator shall file Form C-110 designating the disposition of gas from the well.

Failure to comply with the provisions of this rule within the prescribed time limits will result in the suspension of any further allowable. Extraction plants procecessing any gas from any of the above designated pools shall comply with the "no-flare" provisions of this rule, provided however, that the restriction may be lifted when mechanical difficulties arise or when the gas flared is of no commercial value.

(11) That oil wells producing from the following named pools shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505; Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool and Rhodes Oil Pool.

(12) That the Falby-Yates Oil Pool as heretofore created, defined and described shall be abolished and all oil wells presently producing from the Falby-Yates Oil Pool shall be governed by the applicable rules of the Jalmat Gas Pool.

(13) That that portion of the Rhodes Storage Area lying within the defined limits of the Jalmat Gas Pool shall be exempted from the applicable provisions of the Jalmat Gas Pool Rules. The Rhodes Storage Area shall include the following described area:

TOWNSHIP 26 South, RANGE 37 East, NMPM
Sec. 4: W/2 NW/4, SE/4 SE/4, W/2 SE/4, SW/4;
Sec. 5: All
Sec. 6: NE/4 NW/4, NE/4, [illegible] SE/4, N/2 SE/4
Sec. 7: NE/4 NE/4
Sec. 8: N/2, N/2 S/2, SE/4 SW/4, S/2 SE/4
Sec. 9: All
Sec. 10: W/2 NW/4, SE/4 NW/4, S/2
Secs. 15 & 16: All
Sec. 17: E/2 NW/4, E/2
Sec. 20: E/2
Secs. 21 & 22: All
Sec. 23: SW/4 NW/4, SW/4
Secs. 26, 27, & 28: All
Sec. 29: E/2 NE/4

That special pool rules applicable to the Jalmat Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR
THE JALMAT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Jalmat Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Jalmat Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Jalmat Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Jalmat Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provision of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Jalmat Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Jalmat Gas Pool and other relevant data and shall fix the allowable production of the Jalmat Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Jalmat Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Jalmat Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalmat Gas Pool. The Commission shall consider the "Prelimin-

ary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Jalmat Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Jalmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Jalmat Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being

sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Jalmat Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Jalmat Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Jalmat Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the overlying gas pool and the producing zone of the underlying oil pool are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to both the overlying gas pool and the underlying oil pool shall be assigned to either the gas pool or the oil pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before September 15, 1954. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, Gas-Oil Ratio Tests shall be taken in accordance with the provisions of Rule 301 of the Commission's Rules and Regulations.

Gas-Oil Ratio Tests shall be taken in all oil or gas pools in accordance with the attached schedule, (Exhibit H). This schedule supersedes the annual Gas-Oil Ratio test schedule previously issued only where applicable.

The operator of any oil or gas well who has submitted Form C-116 to the Commission during 1954 in compliance with the 1954 Annual Gas-Oil Ratio test schedule previously adopted is exempted from the requirement of taking another Gas-Oil Ratio test during 1954. If the test previously submitted is not complete the Proration Manager shall so advise the operator and the operator shall submit the required test in conformance with the Gas-Oil Ratio test schedule as outlined in Exhibit "H" attached hereto and made a part hereof.

PROVIDED FURTHER, That for gas allocation purposes and assignment of allowables the combination of the Jalco and Langmat gas pools to the Jalmat Gas Pool shall be effective September 1, 1954.

It is recognized that a great many wells will be reclassified and reassigned as a result of the provisions of this order and that the time involved in the reclassification may cause certain inequities; therefore, the Proration Manager is hereby directed to take such action as he deems advisable to prevent inequitable withdrawals.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Re-complete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the effected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That special pool rules applicable to the Eumont Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE EUMONT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Eumont Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Eumont Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical con-

ditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Eumont Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Eumont Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Eumont Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont Gas Pool and other relevant data and shall fix the allowable production of the Eumont Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Eumont Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Eumont Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Eumont Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m. , January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponcing size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that is should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after

due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Eumont Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Eumont Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Eumont Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Eumont Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, That special pool rules applicable to the Arrow Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE ARROW GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Arrow Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Arrow Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Arrow Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Arrow Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard proration unit may be

formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Arrow Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Arrow Gas Pool and other relevant data and shall fix the allowable production of the Arrow Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Arrow Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Arrow Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Arrow Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Arrow Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Arrow Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Arrow Gas Pool any well which it finds it being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be

known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability if the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Preration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Arrow Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Arrow Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas Purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Arrow Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Arrow Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

EXHIBIT "A"

Horizontal limits of the Jalmat Gas Pool

Township 21 South, Range 36 East

All of Section 31
SW/4 of Section 32
All of Secs. 33 and 34

Township 22 South, Range 35 East
E/2 Section 13

Exhibit "A" (Cont'd)

Township 22 South, Range 36 East
All of Secs. 3 through 10, inclusive.
W/2 Sec. 11
W/2 Section 14
All of Secs. 15 through 18, inclusive
NE/4 Sec. 19
All of Secs. 20 through 23, inclusive
W/2 Sec. 24
All of Secs. 25 through 29, inclusive
All of Secs. 32 through 36, inclusive

Township 22 South, Range 37 East
SW/4 Sec. 31

Township 23 South, Range 36 East
All of Secs. 1 through 4, inclusive
N/2 and SE/4 Sec. 5
E/2 Sec. 8
All Secs. 9 through 16, inclusive
NE/4 Sec. 17
All Secs. 21 through 27, inclusive
E/2 Sec. 28
E/2 Sec. 33
All Secs. 34, 35 and 36

Township 23 South, Range 37 East
All Secs. 6, 7, S/2 Sec. 8
All Secs. 17 through 21, inclusive
All Secs. 28 through 33, inclusive

Township 24 South, Range 36 East
All of Secs. 1, 2, and 3
E/2 Sec. 4
NE/4 Sec. 9
N/2, SE/4 Sec. 10
All of Secs. 11 through 14, inclusive
E/2 Sec. 15
All Secs. 22 through 26, inclusive
E/2 Sec. 27
E/2 Sec. 34
All Secs. 35 and 36

Township 24 South, Range 37 East
All of Secs. 5, 6, 7 and 8
W/2 Sec. 9
W/2 Sec. 16
All of Secs. 17 through 23, inclusive
All of Secs. 26 through 35, inclusive

Township 25 South, Range 36 East
All of Sec. 1
N/2 Sec. 2
All of Secs. 12, 13, 24 and 25
NE/4 Sec. 36

Township 25 South, Range 37 East
All Sec. 2 through 33, inclusive
W/2 Sec. 34

Exhibit "A" (Cont'd)

Township 26 South, Range 37 East
W/2 Sec. 3
All Secs. 4 through 9, inclusive
W/2 Sec. 10
All of Secs. 15 through 22, inclusive
All Secs. 27, 28 and 29
N/2, SE/4 Sec. 30
E/2 Sec. 31
All of Secs. 32, 33 and 34

EXHIBIT "B"

Horizontal limits of the Eumont Gas Pool

Township 19 South, Range 36 East
All of Secs. 12, 13, 14, 23, 24, 25, 26
E/2 Sec. 27
E/2 Sec. 34
All of Secs. 35 and 36

Township 19 South, Range 37 East
W/2 Sec. 4
E/2 Sec. 5
All of Secs. 7, 8, 17, 18, 19, 20
W/2 Sec. 9
W/2 Sec. 21
W/2 Sec. 27
All of Secs. 28, 29, 30, 31, 33 and 34

Township 20 South, Range 36 East
All of Secs. 1, 2
E/2 Sec. 3
E/2 Sec. 10
All of Secs. 11, 12, 13 and 14
NE/4 Sec. 15
N/2 and SE/4 Sec. 23
All of Secs. 24 and 25
E/2 Sec. 26
E/2 Sec. 35
All Sec. 36

Township 20 South, Range 37 East

W/2 Sec. 2
All of Secs. 3 through 10, inclusive
W/2 Sec. 11
All of Secs. 15 through 22, inclusive
S/2 Sec. 23
All of Secs. 26 through 35, inclusive
W/2 Sec. 36

Township 21 South, Range 35 East
All of Sec. 1
SE/4 Sec. 2

Exhibit "B" (Cont'd)

Township 21 South, Range 35 East (cont'd)
NE/4 Sec. 11
All of Sec. 12
All of Secs. 13 and 24

Township 21 South, Range 36 East
All of Secs. 1 through 21, inclusive
N/2 and SW/4 Sec. 22
W/2 Sec. 27
All of Secs. 28, 29 and 30
N/2 and SE/4 Sec. 32

Township 21 South, Range 37 East
All of Secs. 7 and 18

EXHIBIT "C"

Township 21 South, Range 36 East
SE/4 Sec. 24
All Sec. 25
E/2 Sec. 26
NE/4 and S/2 Sec. 35
All Sec. 36

Township 22 South, Range 36 East
All of Secs. 1 and 2
NE/4 Sec. 11
All of Sec. 12
N/2 and SE/4 Sec. 13

Township 22 South, Range 37 East
W/2 Sec. 7
All Sec. 18
N/2 Sec. 19

EXHIBIT "D"

Horizontal limits of the Eunice-Monument Oil Pool

Township 19 South, Range 36 East
E/2 Sec. 12
All of Sec. 13
All Secs. 23 through 27, inclusive
All Secs. 34, 35 and 36

Township 19 South, Range 37 East
SW/4 Sec. 3
S/2 Sec. 4
All of Secs. 7 and 8
W/2 Sec. 9
W/2 Sec. 16
All Secs. 17 through 21, inclusive
S/2 Sec. 27
All Secs. 28 through 34, inclusive

Exhibit "D" (Cont'd)

Township 20 South, Range 36 East
All Secs. 1, 2 and 3
All Secs. 10 through 14, inclusive
E/2 Sec. 15
All Secs. 23 through 26, inclusive
E/2 Sec. 27
All Secs. 35 and 36

Township 20 South, Range 37 East
All Secs. 3 through 10, inclusive
All Secs. 15 through 21, inclusive
W/2 Sec. 22
All Secs. 29 through 33, inclusive

Township 21 South, Range 35 East
All Secs. 1, 12, 13, 24
E/2 Sec. 25

Township 21 South, Range 36 East
SW/4 Sec. 1
All of Secs. 2 through 11, inclusive
W/2 Sec. 12
W/2 Sec. 13
All Sec. 14 through 22, inclusive
NW/4 Sec. 23
W/2 Sec. 27
All Secs. 28, 29 and 30
N/2 and SE/4 Sec. 32
All Sec. 33
W/2 Sec. 34

EXHIBIT "E"

Horizontal limits of the Cooper-Jal Oil Pool

Township 23 South, Range 36 East
All of Secs. 4, 5, 8, 9, 15, 16, 17, 20, 21, 22, 27, 28, 33 and 34

Township 24 South, Range 36 East
W/2 Sec. 2
All of Secs. 3 and 4
N/2 Sec. 9
All Sec. 10
W/2 Sec. 11
SW/4 Sec. 13
All Secs. 14 and 15
All Secs. 22, 23
NW/4 and W/2 SW/4 Sec. 24
W/2 Sec. 25
All Secs. 26, 27, 34 and 35
W/2 Sec. 36

Township 25 South, Range 36 East
All Secs. 1, 2, 3, 11, 12, 13, 14, 23, 24, 25, 26 and 36

Township 25 South, Range 37 East
SW/4 Sec. 6
W/2 Sec. 7
W/2 Sec. 18
W/2 and W/2 E/2 Sec. 19
W/2 Sec. 30
All Sec. 31
SW/4 Sec. 32

EXHIBIT "F"

Horizontal limits of the Langlie-Mattix Oil Pool

Township 23 South, Range 36 East
All of Secs. 1, 2, 3, 10, 11, 12, 13, 14, 23, 24, 25, 26, 35 and 36

Township 23 South, Range 37 East
W/2 Sec. 6
All of Secs. 7, 18, 19
W/2 W/2 Sec. 26
All Sec. 27
S/2 Sec. 28
All Secs. 29 through 35, inclusive

Township 24 South, Range 36 East
All Sec. 1
E/2 Sec. 2
E/2 Sec. 11
All Sec. 12
N/2 and SE/4 Sec. 13
E/2 and E/2 SW/4 Sec. 24
E/2 Sec. 25
E/2 Sec. 36

Township 24 South, Range 37 East
All of Secs. 2 through 11, inclusive
All of Secs. 14 through 23, inclusive
SW/4 Sec. 25
All Secs. 26 through 35, inclusive
W/2 Sec. 36

Township 25 South, Range 37 East
All of Secs. 2 through 5, inclusive
N/2 and SE/4 Sec. 6
E/2 Sec. 7
All of Secs. 8 through 11, inclusive
W/2 Sec. 13
All Secs. 14 through 17, inclusive
E/2 Sec. 18
E/2 E/2 Sec. 19
All Secs. 20 through 23, inclusive
W/2 Sec. 24
All Sec. 25

Exhibit "F" (Cont'd)

Township 25 South, Range 37 East (Cont'd)
All Secs. 26 through 29, inclusive
E/2 Sec. 30
N/2, SE/4 Sec. 32
All Secs. 33, 34 and 35
W/2 Sec. 36

Township 26 South, Range 37 East
NW/4 Sec. 1
NE/4 Sec. 2

EXHIBIT "G"

Horizontal limits of the South Eunice Oil Pool

Township 21 South, Range 35 East
E/2 Sec. 36

Township 21 South, Range 36 East
All Sec. 31
SW/4 Sec. 32

Township 22 South, Range 35 East
E/2 Sec. 1

Township 22 South, Range 36 East
W/2 Sec. 3
All Secs. 4 through 10, inclusive
SW/4 Sec. 11
W/2 Sec. 14
All Secs. 15 through 23, inclusive
All Secs. 25 through 29, inclusive
E/2 Sec. 30
NE/4 Sec. 31
All Secs. 32 through 36, inclusive

EXHIBIT "H"
GAS-OIL RATIO TEST SCHEDULE

NAME OF POOL	GOR LIMIT	TEST PERIOD			DEADLINE FOR FILING FORM C-116
Oil Pools					
Arrowhead	3500	Nov.	Dec.		Jan. 15, 1955
Cooper-Jal	10000	Sept.			October 15, 1954
Eunice	6000	Oct.	Nov.	Dec.	January 15, 1955
Monument	3000	July	Aug.	Sept.	October 15, 1954
South Eunice	10000	Sept.	Oct.		November 15, 1954
Hardy	10000	Sept.	Oct.		November 15, 1954
Langlie-Mattix	10000	Sept.			October 15, 1954
Leonard	10000	Sept.			October 15, 1954
South Leonard	10000	Sept.			October 15, 1954
Penrose-Skelly	10000	Sept.	Oct.	Nov.	December 15, 1954
Rhodes	10000	Sept.	Oct.		November 15, 1954
GAS POOLS					
Arrow	10000	Oct.	Nov.		December 15, 1954
Eumont	10000	Oct.	Nov.	Dec.	January 15, 1955
Jalmat	10000	Sept.	Oct.	Nov.	December 15, 1954

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

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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. 673
ORDER NO. R-520-A

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF THE
OIL CONSERVATION COMMISSION, AND/OR
PROMULGATING RULES AND REGULATIONS,
RELATING TO GAS POOL DELINEATION, GAS
PRORATION, AND OTHER RELATED MATTERS,
AFFECTING OR CONCERNING THE JALCO, LANGMAT,
EUMONT, AND ARROW GAS POOLS, LEA COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order No. R-520, dated August 12, 1954, and heretofore entered in the records of the Commission on August 16, 1954, does not correctly and accurately state the order of the Commission in certain particulars due to inadvertence and clerical error,

IT IS THEREFORE ORDERED:

1. That Order No. R-520, as the same appears in the records of the Commission, and the original of said Order, be amended in the following respects and particulars:

(a) At page 4, (10), paragraph 2, line 3 of the order entered in the Commission's records on August 16, 1954, and at page 4, line 4 of the original signed order, the word "duplicate" is ordered stricken and the word "quadruplicate" is substituted therefor.

(b) At pages 7, 14, and 19 in GAS PRORATION, RULE 5 (b), #5 of the order entered on August 16, 1954, and at pages 6, 12, and 16 of the original signed order, pertaining to the Jalmat, Eumont and Arrow Gas Pools, respectively, the words "quarter sections" are ordered stricken, and the word "section" is substituted therefor.

(c) At page 28 of the order entered August 16, 1954, and at page 23 of the original signed order, the following words, namely, "Horizontal Limits of the Arrow Gas Pool" are ordered inserted beneath the words 'Exhibit "C"'.

IT IS FURTHER ORDERED: That the corrections and changes set forth in this order be entered nunc pro tunc in the original order as of August 12, 1954, and in the records of the Commission as of August 16, 1954, the date of entry of said original order. DONE at Santa Fe, New Mexico, on this 31st day of August, 1954. s/ E. L. Mechem; E. S. Walker; W. B. Macey.

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. 790
Order No. R-553

THE APPLICATION OF THE COMMISSION
UPON ITS OWN MOTION, FOR REVISIONS
AND AMENDMENTS TO PARAGRAPH 10 OF
ORDER R-520 AND RULE 17 OF EACH OF THE
VARIOUS SPECIAL RULES AND REGULATIONS
FOR GAS POOLS IN SOUTHEAST NEW MEXICO,
AS EMBRACED IN ORDER R-520.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 22nd day of November, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

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

(2) That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to grant administrative exceptions to the "no-flare order" and the various "no-flare rules" embraced in Order R-520, without the necessity of notice and hearing.

(3) That the practice of considering said applications for exceptions only upon notice and hearing would cause an undue burden upon and inconvenience to both the applicants and this Commission.

(4) That Paragraph 10 of Order R-520 and Rule 17 of each of the various pool rules and regulations embraced in said Order R-520 should be amended as hereinafter provided.

IT IS THEREFORE ORDERED:

(1) That Paragraph (10) of Order R-520, be and the same is hereby amended to read as follows:

(10) That except when authorized by or pursuant to the following provisions of this paragraph (10), no gas, either dry gas or casinghead gas, shall be flared or vented from any well in any of the following pools at any time after ninety (90) days from January 1, 1955 or ninety (90) days from the date such well is completed, whichever is later:

Eunice-Monument Oil Pool
South Eunice Oil Pool
Hardy Oil Pool
Penrose-Skelly Oil Pool
Cooper-Jal Oil Pool
Arrowhead Oil Pool
Langlie-Mattix Oil Pool
Rhodes Oil Pool
Leonard Oil Pool
South Leonard Oil Pool
Eaves Oil Pool
Arrow Gas Pool
Eumont Gas Pool
Jalmat Gas Pool

Any operator who desires to obtain an exception to the foregoing provisions of this paragraph (10) shall submit to the Secretary of the Commission, an application for such exception with a sworn statement setting forth the facts and circumstances justifying such exception. The Secretary is hereby authorized to grant such an exception whenever the granting of the exception is reasonably necessary to protect correlative rights, prevent waste, or prevent undue hardship on the applicant under all the facts and circumstances as set forth in the statement. The Secretary shall either (a) grant the exception within 15 days after receipt of the application and statement or (b) thereafter set the application for hearing by the Commission at a regular monthly hearing; provided, however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Notice of hearing of the application shall be published in the manner provided by law and the Rules of the Commission. If the exception is granted by the Secretary, a list of such exceptions shall be distributed in the Commission's regular mailing list.

All operators who have not heretofore done so shall file Form C-110 in quadruplicate with the Commission, designating thereon the disposition of all dry gas or casinghead gas from each well in each pool listed above. Within 15 days after any oil or gas well within the boundaries of any of the above listed pools is connected to a gas transportation facility, the operator shall file Form C-110 designating the disposition of gas from the well.

The flaring or venting of gas from any well in violation of any provision of this paragraph (10) will result in suspension of any further allowable until further order of the Commission

No extraction plant processing any gas from any of the above designated pools shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulties or unless the gas flared or vented is of no commercial value.

IT IS FURTHER ORDERED: That Rule 17 of each of the sets of Rules and Regulations pertaining to the Jalmat Gas Pool, the Eumont Gas Pool, and the Arrow Gas Pool in said Order R-520 be, and the same is hereby, amended to read as follows:

RULE 17

No gas, either dry gas or casinghead gas, produced from the (Jalmat, Eumont or Arrow) gas pools shall be flared or vented except as authorized under the provisions of Paragraph (10) of this order.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 902
Order No. R-663

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER ESTABLISHING RULES AND PROCEDURES
IN EXCEPTION TO THE PROVISIONS OF RULE 303
TO PERMIT THE COMMINGLING OF OIL FROM
VARIOUS GAS AND OIL POOLS IN LEA COUNTY,
NEW MEXICO, SAID COMMINGLING BEING OCCASIONED
BY THE RE-CLASSIFICATION OF WELLS LOCATED
WITHIN THE OIL AND GAS POOLS DEFINED BY ORDER
R-520.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on May 18, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 7th day of July, 1955, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That Rule 303 of the Commission's Rules and Regulations, Oil Production Operating Practices, provides that each pool shall be produced as a single common reservoir and the commingling or confusion of production from separate and distinct pools prior to marketing shall be prohibited.

(3) That Commission Order R-520 defines the vertical limits of the Jalmat, Eumont and Arrow Gas Pools, and also defines the vertical limits of the Arrowhead, Eunice-Monument, South Eunice, Cooper-Jal, and Langlie-Mattix Oil Pools.

(4) That at the present time there are certain basic leases wherein all wells are prorated in the same pool and the production therefrom is produced into a common tankage; and when reclassified such wells will be affected to the extent that one or more wells will remain in the pool in which they are presently classified, while other wells on the same lease will be placed in a different pool.

(5) That under the provisions of Rule 303 of the Commission's Rules and Regulations, separate facilities to receive, measure, and store the production of those wells so reclassified would have to be provided by the operator. That in certain cases the installation and maintenance of said separate facilities for the measurement and storage of oil would create an undue expense and hardship upon the operator.

(6) That approval of this application for an order establishing rules and procedures in exception to the provisions of Rule 303 to permit the commingling of oil from various oil and gas pools defined by Order R-520 would be in the interest of conservation and would prevent waste.

IT IS THEREFORE ORDERED:

(1) That the application of the Commission upon its own motion for an order establishing rules and procedures in exception to the provisions of Rule 303 to permit the commingling of oil from various gas and oil pools in Lea County, New Mexico, said commingling being occasioned by the re-classification of wells located within the oil and gas pools defined by Order R-520, be and the same is hereby approved.

(2) That the oil and gas pools thus affected are the Jalmat, Eumont, and Arrow Gas Pools, and the Arrowhead, Eunice-Monument, South Eunice, Cooper-Jal, and Langlie-Mattix Oil Pools, as they are now defined both vertically and horizontally, and including such future changes as may be made in the horizontal limits of said pools.

(3) That the following procedure be followed when an operator desires to produce re-classified wells into common tankage with a well or wells on the same basic lease in another pool:

(a) When notified by the Commission that the pool designation for any well has been changed, the operator shall file Commission Form C-110 in quadruplicate showing the change in pool designation.

(b) If the operator desires to produce re-classified wells into common tankage with a well or wells on the same basic lease in another pool, he shall insert the following statement on the Form C-110:

"Permission is hereby requested to produce this well, completed in the _____ Pool, into common storage with wells on the same lease currently prorated in the _____ Pool."

Approval of the Form C-110 by the Proration Manager shall constitute authority for the operator to commingle the oil and for the transporter to run it.

(4) That for all new wells that are completed or recompleted in one of the aforementioned pools as delineated in Order No. R-520, the provisions of paragraphs (1), (2), and (3) shall apply to permit the commingling of oil from said well or wells with that oil produced from other wells located on the same basic lease. Authority for the operator to commingle such production shall be the approval of the Form C-110 by the Proration Manager as outlined by the provisions of paragraph (3) above.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 956
Order No. R-690

THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER CALLING FOR THE ABOLISHMENT, DELETION OR EXTENSION OF CERTAIN EXISTING POOLS IN LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on September 15, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 13th day of October, 1955, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing 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 extensions of the Eumont Gas Pool, in Lea County, New Mexico, the Jalmat Gas Pool in Lea County, New Mexico, and the Langlie-Mattix Pool in Lea County, New Mexico, the advertised deletions of the Jalmat Gas Pool in Lea County, New Mexico and the abolishment of the Eaves Pool and the Cooper-Jal Pool in Lea County, New Mexico, should be approved as advertised.

IT IS THEREFORE ORDERED:

(a) That the Eumont Gas Pool in Lea County, New Mexico, as heretofore classified, defined and described, be and the same is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 33: N/2 and SW/4

(b) That the following area be and the same is hereby deleted from the boundaries of the Jalmat Gas Pool, Lea County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM	
Section 33:	N/2 and SW/4

(c) That the Jalmat Gas Pool in Lea County, New Mexico, as heretofore classified, defined and described, be and the same is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM	
Section 17:	E/2 SE/4
Section 20:	E/2 NE/4
Section 28:	N/2 NW/4
Section 33:	SE/4 SW/4

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM	
Section 4:	NE/4 NW/4

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM	
Section 11:	E/2 NE/4
Section 26:	E/2 E/2
Section 36:	N/2 NW/4 and SE/4

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM	
Section 12:	SE/4
Section 13:	E/2
Section 24:	E/2

(d) That the Langlie-Mattix Pool in Lea County, New Mexico, as heretofore classified, defined and described, be and the same is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM	
Section 9:	S/2
Section 15:	All
Section 16:	All
Section 21:	All
Section 22:	All
Section 27:	All
Section 34:	All
Section 28:	E/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM	
Section 2:	W/2
Section 3:	E/2
Section 13:	SW/4
Section 14:	E/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM (Continued)

Section 23:	E/2
Section 24:	NW/4 and W/2 SW/4
Section 25:	W/2
Section 26:	E/2
Section 35:	NE/4
Section 36:	W/2

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM

Section 1:	All
Section 12:	All

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 6:	SW/4
Section 7:	W/2

TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMPM

Section 30:	W/2

(e) That the Eaves Pool in Lea County, New Mexico, and the Cooper-Jal Pool in Lea County, New Mexico, as heretofore classified, defined and described, be and the same is hereby abolished.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1327
Order No. R-1092

APPLICATION OF TEXAS PACIFIC COAL AND
OIL COMPANY FOR AN ORDER IMMEDIATELY
TERMINATING GAS PRORATIONING IN THE
JALMAT GAS POOL; OR IN THE ALTERNATIVE
REVISING THE SPECIAL POOL RULES FOR THE
JALMAT GAS POOL IN LEA COUNTY, NEW
MEXICO.

INTERIM ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1957, and again at 9 o'clock a.m. on November 14, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th. day of November, 1957, the Commission, a quorum being present, having considered the application, and the evidence thus far adduced 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 it was not possible for the Commission to hear Case No. 1327 to its conclusion at the last hearing of said case and that the case should be continued until 9 o'clock a.m. on December 9, 1957.

(3) That the applicant proposes that the Commission grant an interim exception to the Special Rules and Regulations for the Jalmat Gas Pool to the effect that if any well in the Jalmat Gas Pool had an overproduced status at the beginning of any month during the current gas proration period less than:

(a) the well's current allowable for said month, plus

(b) the well's share of the allowable redistributed as a result of the cancellation of underproduction on December 31, 1957,

then said well shall be considered to have been in balance during said month.

(4) That the proposed interim relief should be granted.

IT IS THEREFORE ORDERED:

(1) That Case No. 1327 be continued until 9 o'clock a.m. on December 9, 1957.

(2) That if any well in the Jalmat Gas Pool had an overproduced status, at the beginning of any month during the current gas proration period (July 1 - December 31, 1957), which was less than:

(a) the well's current allowable for said month, plus

(b) the well's share of the allowable redistributed as a result of the cancellation of underproduction on December 31, 1957,

then said well shall be considered to have been in balance during said month.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1327
Order No. R-1092-B

APPLICATION OF TEXAS PACIFIC COAL
& OIL COMPANY FOR AN ORDER IMMEDIATELY
TERMINATING GAS PRORATIONING IN THE
JALMAT GAS POOL; OR IN THE ALTERNATIVE
REVISING THE SPECIAL RULES AND REGULATIONS
FOR THE JALMAT GAS POOL IN LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION FOR REHEARING

BY THE COMMISSION:

This cause came on for consideration for a rehearing in Case No. 1327, Order No. R-1092-A, dated January 29, 1958, upon the petition of Skelly Oil Company, Cities Service Oil Company, The Texas Company, Sun Oil Company, Humble Oil & Refining Company, The Atlantic Refining Company, Continental Oil Company, Samedan Oil Corporation, Shell Oil Company, Sinclair Oil & Gas Company, Amerada Petroleum Corporation, Standard Oil Company of Texas, Tidewater Oil Company, and Pan-American Petroleum Corporation.

NOW, on this 19th. day of February, 1958, the Commission, a quorum being present, having considered the petitions for rehearing,

HEREBY ORDERS:

That the above-styled cause be reopened and a rehearing be held at 9 o'clock a.m. on March 25, 1958, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

IT IS FURTHER ORDERED:

That the testimony on rehearing shall be limited to new evidence on the issues raised in the petitions for rehearing.

IT IS FURTHER ORDERED:

That Order No. R-1092-A shall remain in full force and effect pending the issuance of any further order in this case.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Signed by: Edwin L. Mechem, Chairman; Murray E. Morgan, Member; A. L. Porter, Jr., Member & Secretary.
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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1327
Order No. R-1092-C

APPLICATION OF TEXAS PACIFIC COAL
& OIL COMPANY FOR AN ORDER IMMEDIATELY
TERMINATING GAS PRORATIONING IN THE
JALMAT GAS POOL; OR IN THE ALTERNATIVE
REVISING THE SPECIAL RULES AND REGULATIONS
FOR THE JALMAT GAS POOL IN LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 18, 1957, November 14, 1957, and again on December 9, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and this cause came on for rehearing before the Commission, upon the petition of Skelly Oil Company et al., at 9 o'clock a.m. on March 25, 1958, at Santa Fe, New Mexico.

NOW, on this 25th day of April, 1958, the Commission, a quorum being present, having considered the application, the petitions for rehearing, and the testimony and evidence adduced at the original hearings and the subsequent rehearing, 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 after considering all the evidence presented at the original hearings and the rehearing in this case, the Commission reaffirms its finding that Texas Pacific Coal and Oil Company has proved by a preponderance of the evidence that there is a general correlation between the deliverabilities of the gas wells in the Jalmat Gas Pool and the recoverable gas in place under the tracts dedicated to said wells, and that the inclusion of a deliverability factor in the proration formula for the Jalmat Gas Pool would, therefore, result in a more equitable allocation of the gas production in said pool than under the present gas proration formula.

(3) That the provisions of Order No. R-1092-A should remain in full force and effect.

IT IS THEREFORE ORDERED:

That the provisions of Order No. R-1092-A shall remain in full force and effect.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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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. 673
ORDER NO. R-520-A

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF THE
OIL CONSERVATION COMMISSION, AND/OR
PROMULGATING RULES AND REGULATIONS,
RELATING TO GAS POOL DELINEATION, GAS
PRORATION, AND OTHER RELATED MATTERS,
AFFECTING OR CONCERNING THE JALCO, LANGMAT,
EUMONT, AND ARROW GAS POOLS, LEA COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order No. R-520, dated August 12, 1954, and heretofore entered in the records of the Commission on August 16, 1954, does not correctly and accurately state the order of the Commission in certain particulars due to inadvertence and clerical error,

IT IS THEREFORE ORDERED:

1. That Order No. R-520, as the same appears in the records of the Commission, and the original of said Order, be amended in the following respects and particulars:

(a) At page 4, (10), paragraph 2, line 3 of the order entered in the Commission's records on August 16, 1954, and at page 4, line 4 of the original signed order, the word "duplicate" is ordered stricken and the word "quadruplicate" is substituted therefor.

(b) At pages 7, 14, and 19 in GAS PRORATION, RULE 5 (b), #5 of the order entered on August 16, 1954, and at pages 6, 12, and 16 of the original signed order, pertaining to the Jalmat, Eumont and Arrow Gas Pools, respectively, the words "quarter sections" are ordered stricken, and the word "section" is substituted therefor.

(c) At page 28 of the order entered August 16, 1954, and at page 23 of the original signed order, the following words, namely, "Horizontal Limits of the Arrow Gas Pool" are ordered inserted beneath the words 'Exhibit "C"'.

IT IS FURTHER ORDERED: That the corrections and changes set forth in this order be entered nunc pro tunc in the original order as of August 12, 1954, and in the records of the Commission as of August 16, 1954, the date of entry of said original order. DONE at Santa Fe, New Mexico, on this 31st day of August, 1954. s/ E. L. Mechem; E. S. Walker; W. B. Macey.

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. 673
ORDER NO. R-520

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF THE
OIL CONSERVATION COMMISSION, AND/OR
PROMULGATING RULES AND REGULATIONS,
RELATING TO GAS POOL DELINEATION, GAS
PRORATION, AND OTHER RELATED MATTERS,
AFFECTING OR CONCERNING THE JALCO,
LANGMAT, EUMONT, AND ARROW GAS POOLS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1954, April 15, 1954, May 10, 1954, and May 11, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 12th day of August, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under date of February 17, 1953, the Commission issued its Order No. R-264 creating the Jalco, Langmat, Arrow, and Eumont Gas Pools. That Order R-264 defined the vertical and horizontal limits of the Langmat, Jalco, Eumont and Arrow gas pools and that by subsequent orders the Commission extended the horizontal limits of the Jalco and Eumont Gas Pools and extended the vertical limits of the Eumont Gas Pool.

(3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-368, R-369, R-370 and R-371 and under date of November 10, 1953, the Commission issued its Orders Nos. R-368-A, R-369-A, R-370-A and R-371-A, providing rules, definitions and procedures to be followed in prorating gas in the jalco, Langmat, Eumont and Arrow gas pools; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.

(4) That the Eumont and Arrow Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order; that the Jalco and Langmat Gas Pools are in fact one common gas reservoir, and said reservoir should be designated the "Jalmat Gas Pool" and delineated as set forth in this order.

(5) That the producing capacity of the gas wells in the Jalmat, Eumont and Arrow Gas Pools is greater than the market demand for gas from each of such pools.

(6) That for the prevention of waste it is necessary to allocate and prorate the gas production among the gas wells in the Jalmat, Eumont and Arrow Gas Pools in accordance with provisions of this order.

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Jalmat, Eumont and Arrow gas pools be prorated in accordance with the terms and provisions of this order.

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Jalmat, Eumont and Arrow gas pools upon a reasonable basis and give appropriate recognition to correlative rights.

(9) That one gas well in the Jalmat, Eumont and Arrow Gas Pools can efficiently drain 640 acres.

(10) That for the prevention of waste, a limiting gas-oil ratio of 10,000-to-1 should be assigned to the units in the following pools, namely: Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool, Rhodes Oil Pool, Jalmat Gas Pool, Arrow Gas Pool and Eumont Gas Pool.

(11) To prevent waste, the vertical limits of the following oil pools namely: Eunice-Monument Oil Pool, Arrowhead Oil Pool, South Eunice Oil Pool, Langlie-Mattix Oil Pool, Cooper-Jal Oil Pool, Rhodes Oil Pool, Eaves Oil Pool, Hardy Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, should be redefined as provided hereinafter in this order so that the vertical limits of the said oil pools will not conflict with the vertical limits of overlying gas pools.

(12) That the horizontal limits of the oil pools named in Finding No. 11 should be defined as hereinafter set forth in this order.

(13) That the Falby-Yates Oil Pool should be abolished.

(14) That in the interests of conservation, the special rules hereinafter set forth governing the production of oil from wells completed within the vertical and horizontal limits of the Jalmat, Eumont and Arrow gas pools should be adopted.

(15) That for the prevention of waste and the protection of correlative rights, the special rules contained in this order should be adopted to govern the production of oil from wells completed or recompleted in such a manner that the bore hole of the well is open in both the upper gas pools and the underlying oil pools.

(16) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.

IT IS THEREFORE ORDERED:

(1) That the Jalmat Gas Pool be and the same hereby is created. The vertical limits of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100

feet above the base of the Seven Rivers formation, thereby including all of the Yates formation. The horizontal limits of the Jalmat Gas Pool shall be the area as described in Exhibit "A" attached hereto and made a part hereof.

(2) That the vertical limits of the Eumont Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Eumont Gas Pool shall be the area as described in Exhibit "B" attached hereto and made a part hereof.

(3) That the vertical limits of the Arrow Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Arrow Gas Pool shall be the area as described in Exhibit "C" attached hereto and made a part hereof.

(4) That the vertical limits of the Eunice-Monument Oil Pool, heretofore created, shall include all of the Grayburg and San Andres formations. The horizontal limits of the Eunice-Monument Oil Pool shall be the area as described in Exhibit "D" attached hereto and made a part hereof.

(5) That the vertical limits of the Arrowhead Oil Pool shall include all of the Grayburg formation.

(6) That the vertical limits of the following oil pools, heretofore created, defined and described shall extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation.

Cooper-Jal Oil Pool
South Eunice Oil Pool
Langlie-Mattix Oil Pool

(7) That the horizontal limits of the Cooper-Jal Oil Pool shall be the area as described in Exhibit "E" attached hereto and made a part hereof.

(8) That the horizontal limits of the Langlie-Mattix Oil Pool shall be the area as described in Exhibit "F" attached hereto and made a part hereof.

(9) That the horizontal limits of the South Eunice Oil Pool shall be the area as described in Exhibit "G" attached hereto and made a part hereof.

(10) That no gas, either dry gas or casinghead gas, shall be flared or vented in the following pools unless specifically authorized by order of the Commission after notice and hearing:

Eunice-Monument Oil Pool
South Eunice Oil Pool
Hardy Oil Pool
Penrose-Skelly Oil Pool
Cooper-Jal Oil Pool
Arrowhead Oil Pool
Langlie-Mattix Oil Pool
Rhodes Oil Pool
Leonard Oil Pool
South Leonard Oil Pool

Eaves Oil Pool
Arrow Gas Pool
Eumont Gas Pool
Jalmat Gas Pool

This rule shall become effective November 1, 1954. Any operator desiring to obtain exception from the provisions of this rule shall apply for hearing prior to September 15, 1954. All operators shall file Form C-110, in duplicate, designating thereon the disposition of all dry gas or casinghead gas from each well in each pool listed above. Within 15 days after completion of any oil or gas well within the boundaries of the above listed pools, the operator shall file Form C-110 designating the disposition of gas from the well.

Failure to comply with the provisions of this rule within the prescribed time limits will result in the suspension of any further allowable. Extraction plants processing any gas from any of the above designated pools shall comply with the "no-flare" provisions of this rule, provided however, that the restriction may be lifted when mechanical difficulties arise or when the gas flared is of no commercial value.

(11) That oil wells producing from the following named pools shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505; Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool and Rhodes Oil Pool.

(12) That the Falby-Yates Oil Pool as heretofore created, defined and described shall be abolished and all oil wells presently producing from the Falby-Yates Oil Pool shall be governed by the applicable rules of the Jalmat Gas Pool.

(13) That that portion of the Rhodes Storage Area lying within the defined limits of the Jalmat Gas Pool shall be exempted from the applicable provisions of the Jalmat Gas Pool Rules. The Rhodes Storage Area shall include the following described area:

TOWNSHIP 26 South, RANGE 37 East, NMPM
Sec. 4: W/2 NW/4, SE/4 SE/4, W/2 SE/4, SW/4;
Sec. 5: All
Sec. 6: NE/4 NW/4, NE/4, SE/4 SE/4, N/2 SE/4
Sec. 7: NE/4 NE/4
Sec. 8: N/2, N/2 S/2, SE/4 SW/4, S/2 SE/4
Sec. 9: All
Sec. 10: W/2 NW/4, SE/4 NW/4, S/2
Secs. 15 & 16: All
Sec. 17: E/2 NW/4, E/2
Sec. 20: E/2
Secs. 21 & 22: All
Sec. 23: SW/4 NW/4, SW/4
Secs. 26, 27, & 28: All
Sec. 29: E/2 NE/4

That special pool rules applicable to the Jalmat Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR
THE JALMAT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Jalmat Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Jalmat Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Jalmat Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Jalmat Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provision of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Jalmat Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Jalmat Gas Pool and other relevant data and shall fix the allowable production of the Jalmat Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Jalmat Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Jalmat Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalmat Gas Pool. The Commission shall consider the "Prelimin-

ary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Jalmat Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Jalmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Jalmat Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being

sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Jalmat Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Jalmat Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Jalmat Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the overlying gas pool and the producing zone of the underlying oil pool are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to both the overlying gas pool and the underlying oil pool shall be assigned to either the gas pool or the oil pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before September 15, 1954. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, Gas-Oil Ratio Tests shall be taken in accordance with the provisions of Rule 301 of the Commission's Rules and Regulations.

Gas-Oil Ratio Tests shall be taken in all oil or gas pools in accordance with the attached schedule, (Exhibit H). This schedule supersedes the annual Gas-Oil Ratio test schedule previously issued only where applicable.

The operator of any oil or gas well who has submitted Form C-116 to the Commission during 1954 in compliance with the 1954 Annual Gas-Oil Ratio test schedule previously adopted is exempted from the requirement of taking another Gas-Oil Ratio test during 1954. If the test previously submitted is not complete the Proration Manager shall so advise the operator and the operator shall submit the required test in conformance with the Gas-Oil Ratio test schedule as outlined in Exhibit "H" attached hereto and made a part hereof.

PROVIDED FURTHER, That for gas allocation purposes and assignment of allowables the combination of the Jalco and Langmat gas pools to the Jalmat Gas Pool shall be effective September 1, 1954.

It is recognized that a great many wells will be reclassified and reassigned as a result of the provisions of this order and that the time involved in the reclassification may cause certain inequities; therefore, the Proration Manager is hereby directed to take such action as he deems advisable to prevent inequitable withdrawals.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Re-complete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That special pool rules applicable to the Eumont Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE EUMONT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Eumont Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Eumont Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical con-

ditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Eumont Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Eumont Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Eumont Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont Gas Pool and other relevant data and shall fix the allowable production of the Eumont Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Eumont Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Eumont Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Eumont Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m. , January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponcing size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that is should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after

due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Eumont Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Eumont Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Eumont Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Eumont Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, That special pool rules applicable to the Arrow Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE ARROW GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Arrow Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Arrow Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Arrow Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Arrow Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard proration unit may be

formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Arrow Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Arrow Gas Pool and other relevant data and shall fix the allowable production of the Arrow Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Arrow Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Arrow Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Arrow Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Arrow Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Arrow Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Arrow Gas Pool any well which it finds it being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be

known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability if the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Preration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Arrow Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Arrow Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas Purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Arrow Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Arrow Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

EXHIBIT "A"

Horizontal limits of the Jalmat Gas Pool

Township 21 South, Range 36 East

All of Section 31
SW/4 of Section 32
All of Secs. 33 and 34

Township 22 South, Range 35 East
E/2 Section 13

Exhibit "A" (Cont'd)

Township 22 South, Range 36 East
All of Secs. 3 through 10, inclusive.
W/2 Sec. 11
W/2 Section 14
All of Secs. 15 through 18, inclusive
NE/4 Sec. 19
All of Secs. 20 through 23, inclusive
W/2 Sec. 24
All of Secs. 25 through 29, inclusive
All of Secs. 32 through 36, inclusive

Township 22 South, Range 37 East
SW/4 Sec. 31

Township 23 South, Range 36 East
All of Secs. 1 through 4, inclusive
N/2 and SE/4 Sec. 5
E/2 Sec. 8
All Secs. 9 through 16, inclusive
NE/4 Sec. 17
All Secs. 21 through 27, inclusive
E/2 Sec. 28
E/2 Sec. 33
All Secs. 34, 35 and 36

Township 23 South, Range 37 East
All Secs. 6, 7, S/2 Sec. 8
All Secs. 17 through 21, inclusive
All Secs. 28 through 33, inclusive

Township 24 South, Range 36 East
All of Secs. 1, 2, and 3
E/2 Sec. 4
NE/4 Sec. 9
N/2, SE/4 Sec. 10
All of Secs. 11 through 14, inclusive
E/2 Sec. 15
All Secs. 22 through 26, inclusive
E/2 Sec. 27
E/2 Sec. 34
All Secs. 35 and 36

Township 24 South, Range 37 East
All of Secs. 5, 6, 7 and 8
W/2 Sec. 9
W/2 Sec. 16
All of Secs. 17 through 23, inclusive
All of Secs. 26 through 35, inclusive

Township 25 South, Range 36 East
All of Sec. 1
N/2 Sec. 2
All of Secs. 12, 13, 24 and 25
NE/4 Sec. 36

Township 25 South, Range 37 East
All Sec. 2 through 33, inclusive
W/2 Sec. 34

Exhibit "A" (Cont'd)

Township 26 South, Range 37 East
W/2 Sec. 3
All Secs. 4 through 9, inclusive
W/2 Sec. 10
All of Secs. 15 through 22, inclusive
All Secs. 27, 28 and 29
N/2, SE/4 Sec. 30
E/2 Sec. 31
All of Secs. 32, 33 and 34

EXHIBIT "B"

Horizontal limits of the Eumont Gas Pool

Township 19 South, Range 36 East
All of Secs. 12, 13, 14, 23, 24, 25, 26
E/2 Sec. 27
E/2 Sec. 34
All of Secs. 35 and 36

Township 19 South, Range 37 East
W/2 Sec. 4
E/2 Sec. 5
All of Secs. 7, 8, 17, 18, 19, 20
W/2 Sec. 9
W/2 Sec. 21
W/2 Sec. 27
All of Secs. 28, 29, 30, 31, 33 and 34

Township 20 South, Range 36 East
All of Secs. 1, 2
E/2 Sec. 3
E/2 Sec. 10
All of Secs. 11, 12, 13 and 14
NE/4 Sec. 15
N/2 and SE/4 Sec. 23
All of Secs. 24 and 25
E/2 Sec. 26
E/2 Sec. 35
All Sec. 36

Township 20 South, Range 37 East

W/2 Sec. 2
All of Secs. 3 through 10, inclusive
W/2 Sec. 11
All of Secs. 15 through 22, inclusive
S/2 Sec. 23
All of Secs. 26 through 35, inclusive
W/2 Sec. 36

Township 21 South, Range 35 East
All of Sec. 1
SE/4 Sec. 2

Exhibit "B" (Cont'd)

Township 21 South, Range 35 East (cont'd)
NE/4 Sec. 11
All of Sec. 12
All of Secs. 13 and 24

Township 21 South, Range 36 East
All of Secs. 1 through 21, inclusive
N/2 and SW/4 Sec. 22
W/2 Sec. 27
All of Secs. 28, 29 and 30
N/2 and SE/4 Sec. 32

Township 21 South, Range 37 East
All of Secs. 7 and 18

EXHIBIT "C"

Township 21 South, Range 36 East
SE/4 Sec. 24
All Sec. 25
E/2 Sec. 26
NE/4 and S/2 Sec. 35
All Sec. 36

Township 22 South, Range 36 East
All of Secs. 1 and 2
NE/4 Sec. 11
All of Sec. 12
N/2 and SE/4 Sec. 13

Township 22 South, Range 37 East
W/2 Sec. 7
All Sec. 18
N/2 Sec. 19

EXHIBIT "D"

Horizontal limits of the Eunice-Monument Oil Pool

Township 19 South, Range 36 East
E/2 Sec. 12
All of Sec. 13
All Secs. 23 through 27, inclusive
All Secs. 34, 35 and 36

Township 19 South, Range 37 East
SW/4 Sec. 3
S/2 Sec. 4
All of Secs. 7 and 8
W/2 Sec. 9
W/2 Sec. 16
All Secs. 17 through 21, inclusive
S/2 Sec. 27
All Secs. 28 through 34, inclusive

Exhibit "D" (Cont'd)

Township 20 South, Range 36 East
All Secs. 1, 2 and 3
All Secs. 10 through 14, inclusive
E/2 Sec. 15
All Secs. 23 through 26, inclusive
E/2 Sec. 27
All Secs. 35 and 36

Township 20 South, Range 37 East
All Secs. 3 through 10, inclusive
All Secs. 15 through 21, inclusive
W/2 Sec. 22
All Secs. 29 through 33, inclusive

Township 21 South, Range 35 East
All Secs. 1, 12, 13, 24
E/2 Sec. 25

Township 21 South, Range 36 East
SW/4 Sec. 1
All of Secs. 2 through 11, inclusive
W/2 Sec. 12
W/2 Sec. 13
All Sec. 14 through 22, inclusive
NW/4 Sec. 23
W/2 Sec. 27
All Secs. 28, 29 and 30
N/2 and SE/4 Sec. 32
All Sec. 33
W/2 Sec. 34

EXHIBIT "E"

Horizontal limits of the Cooper-Jal Oil Pool

Township 23 South, Range 36 East
All of Secs. 4, 5, 8, 9, 15, 16, 17, 20, 21, 22, 27, 28, 33 and 34

Township 24 South, Range 36 East
W/2 Sec. 2
All of Secs. 3 and 4
N/2 Sec. 9
All Sec. 10
W/2 Sec. 11
SW/4 Sec. 13
All Secs. 14 and 15
All Secs. 22, 23
NW/4 and W/2 SW/4 Sec. 24
W/2 Sec. 25
All Secs. 26, 27, 34 and 35
W/2 Sec. 36

Township 25 South, Range 36 East
All Secs. 1, 2, 3, 11, 12, 13, 14, 23, 24, 25, 26 and 36

Township 25 South, Range 37 East
SW/4 Sec. 6
W/2 Sec. 7
W/2 Sec. 18
W/2 and W/2 E/2 Sec. 19
W/2 Sec. 30
All Sec. 31
SW/4 Sec. 32

EXHIBIT "F"

Horizontal limits of the Langlie-Mattix Oil Pool

Township 23 South, Range 36 East
All of Secs. 1, 2, 3, 10, 11, 12, 13, 14, 23, 24, 25, 26, 35 and 36

Township 23 South, Range 37 East
W/2 Sec. 6
All of Secs. 7, 18, 19
W/2 W/2 Sec. 26
All Sec. 27
S/2 Sec. 28
All Secs. 29 through 35, inclusive

Township 24 South, Range 36 East
All Sec. 1
E/2 Sec. 2
E/2 Sec. 11
All Sec. 12
N/2 and SE/4 Sec. 13
E/2 and E/2 SW/4 Sec. 24
E/2 Sec. 25
E/2 Sec. 36

Township 24 South, Range 37 East
All of Secs. 2 through 11, inclusive
All of Secs. 14 through 23, inclusive
SW/4 Sec. 25
All Secs. 26 through 35, inclusive
W/2 Sec. 36

Township 25 South, Range 37 East
All of Secs. 2 through 5, inclusive
N/2 and SE/4 Sec. 6
E/2 Sec. 7
All of Secs. 8 through 11, inclusive
W/2 Sec. 13
All Secs. 14 through 17, inclusive
E/2 Sec. 18
E/2 E/2 Sec. 19
All Secs. 20 through 23, inclusive
W/2 Sec. 24
All Sec. 25

Exhibit "F" (Cont'd)

Township 25 South, Range 37 East (Cont'd)
All Secs. 26 through 29, inclusive
E/2 Sec. 30
N/2, SE/4 Sec. 32
All Secs. 33, 34 and 35
W/2 Sec. 36

Township 26 South, Range 37 East
NW/4 Sec. 1
NE/4 Sec. 2

EXHIBIT "G"

Horizontal limits of the South Eunice Oil Pool

Township 21 South, Range 35 East
E/2 Sec. 36

Township 21 South, Range 36 East
All Sec. 31
SW/4 Sec. 32

Township 22 South, Range 35 East
E/2 Sec. 1

Township 22 South, Range 36 East
W/2 Sec. 3
All Secs. 4 through 10, inclusive
SW/4 Sec. 11
W/2 Sec. 14
All Secs. 15 through 23, inclusive
All Secs. 25 through 29, inclusive
E/2 Sec. 30
NE/4 Sec. 31
All Secs. 32 through 36, inclusive

EXHIBIT "H"
GAS-OIL RATIO TEST SCHEDULE

NAME OF POOL	GOR LIMIT	TEST PERIOD			DEADLINE FOR FILING FORM C-116
Oil Pools					
Arrowhead	3500	Nov.	Dec.		Jan. 15, 1955
Cooper-Jal	10000	Sept.			October 15, 1954
Eunice	6000	Oct.	Nov.	Dec.	January 15, 1955
Monument	3000	July	Aug.	Sept.	October 15, 1954
South Eunice	10000	Sept.	Oct.		November 15, 1954
Hardy	10000	Sept.	Oct.		November 15, 1954
Langlie-Mattix	10000	Sept.			October 15, 1954
Leonard	10000	Sept.			October 15, 1954
South Leonard	10000	Sept.			October 15, 1954
Penrose-Skelly	10000	Sept.	Oct.	Nov.	December 15, 1954
Rhodes	10000	Sept.	Oct.		November 15, 1954
GAS POOLS					
Arrow	10000	Oct.	Nov.		December 15, 1954
Eumont	10000	Oct.	Nov.	Dec.	January 15, 1955
Jalmat	10000	Sept.	Oct.	Nov.	December 15, 1954

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

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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. 790
Order No. R-553

THE APPLICATION OF THE COMMISSION
UPON ITS OWN MOTION, FOR REVISIONS
AND AMENDMENTS TO PARAGRAPH 10 OF
ORDER R-520 AND RULE 17 OF EACH OF THE
VARIOUS SPECIAL RULES AND REGULATIONS
FOR GAS POOLS IN SOUTHEAST NEW MEXICO,
AS EMBRACED IN ORDER R-520.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 22nd day of November, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

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

(2) That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to grant administrative exceptions to the "no-flare order" and the various "no-flare rules" embraced in Order R-520, without the necessity of notice and hearing.

(3) That the practice of considering said applications for exceptions only upon notice and hearing would cause an undue burden upon and inconvenience to both the applicants and this Commission.

(4) That Paragraph 10 of Order R-520 and Rule 17 of each of the various pool rules and regulations embraced in said Order R-520 should be amended as hereinafter provided.

IT IS THEREFORE ORDERED:

(1) That Paragraph (10) of Order R-520, be and the same is hereby amended to read as follows:

(10) That except when authorized by or pursuant to the following provisions of this paragraph (10), no gas, either dry gas or casinghead gas, shall be flared or vented from any well in any of the following pools at any time after ninety (90) days from January 1, 1955 or ninety (90) days from the date such well is completed, whichever is later:

Eunice-Monument Oil Pool
South Eunice Oil Pool
Hardy Oil Pool
Penrose-Skelly Oil Pool
Cooper-Jal Oil Pool
Arrowhead Oil Pool
Langlie-Mattix Oil Pool
Rhodes Oil Pool
Leonard Oil Pool
South Leonard Oil Pool
Eaves Oil Pool
Arrow Gas Pool
Eumont Gas Pool
Jalmat Gas Pool

Any operator who desires to obtain an exception to the foregoing provisions of this paragraph (10) shall submit to the Secretary of the Commission, an application for such exception with a sworn statement setting forth the facts and circumstances justifying such exception. The Secretary is hereby authorized to grant such an exception whenever the granting of the exception is reasonably necessary to protect correlative rights, prevent waste, or prevent undue hardship on the applicant under all the facts and circumstances as set forth in the statement. The Secretary shall either (a) grant the exception within 15 days after receipt of the application and statement or (b) thereafter set the application for hearing by the Commission at a regular monthly hearing; provided, however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Notice of hearing of the application shall be published in the manner provided by law and the Rules of the Commission. If the exception is granted by the Secretary, a list of such exceptions shall be distributed in the Commission's regular mailing list.

All operators who have not heretofore done so shall file Form C-110 in quadruplicate with the Commission, designating thereon the disposition of all dry gas or casinghead gas from each well in each pool listed above. Within 15 days after any oil or gas well within the boundaries of any of the above listed pools is connected to a gas transportation facility, the operator shall file Form C-110 designating the disposition of gas from the well.

The flaring or venting of gas from any well in violation of any provision of this paragraph (10) will result in suspension of any further allowable until further order of the Commission

No extraction plant processing any gas from any of the above designated pools shall flare or vent such gas unless such flaring or venting is made necessary by mechanical difficulties or unless the gas flared or vented is of no commercial value.

IT IS FURTHER ORDERED: That Rule 17 of each of the sets of Rules and Regulations pertaining to the Jalmat Gas Pool, the Eumont Gas Pool, and the Arrow Gas Pool in said Order R-520 be, and the same is hereby, amended to read as follows:

RULE 17

No gas, either dry gas or casinghead gas, produced from the (Jalmat, Eumont or Arrow) gas pools shall be flared or vented except as authorized under the provisions of Paragraph (10) of this order.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1164
Order No. R-967

APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS
OWN MOTION FOR AN ORDER REVISING THE
SPECIAL RULES AND REGULATIONS FOR ALL
PRORATED GAS POOLS IN THE STATE OF
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of April 1957, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That, in order to promote a more efficient gas prorationing procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

IT IS THEREFORE ORDERED:

(1) That Commission Order R-128-D dated October 13, 1955, amending the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool as set forth in Commission Order R-110, dated November 9, 1951, be and the same is hereby amended as follows:

RULE 3 - R-128-D

In the event a gas purchasers' market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 4 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 4 - R-128-D

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for

that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 5 - R-128-D

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 5-A - R-128-D

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above.

RULE 6 - R-128-D

Underproduction: Any non-marginal 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.

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.

RULE 7 - R-128-D

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowables.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 9 - (Second Paragraph) R-128-D

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 5 of this order.

(2) That the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, and South Blanco-Pictured Cliffs Gas Pool as set forth in Commission Order-R-565-C, dated October 13, 1955, and the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool as set forth in Commission Order R-566-D, dated October 13, 1955; and the Special Rules and Regulations for the Ballard Pictured Cliffs Pool as set forth in Commission Order R-846, dated July 18, 1956, be and the same are hereby amended as follows:

RULE 8 - R-565-C, R-566-D, and R-846

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas be actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is

necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 9 - R-565-C, R-566-D and R-846

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 10 - 565-C, R-566-D & R-846

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 10A - R-565-C, R-566-D & R-846

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

RULE 11 - R-565-C, R-566-D, & R-846

Underproduction: Any non-marginal 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.

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.

RULE 12 - R-565-C, R-566-D & R-846

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 14 - R-565-C, R-566-D, & R-846

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

(3) That the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as set forth in Order R-520, dated August 12, 1954, and the Special Rules and Regulations for the Tubb, Byers-Queen and Justis Gas Pools as set forth in Order R-586, dated April 11, 1955 be and the same are amended as follows:

RULE 6 - R-520 and R-586

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other relevant data and shall fix the allowable production for the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an

allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

RULE 8 -R520 and R-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the allowable assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION

RULE 8-A - R-520 and R-586

The dates 7:00 a.m., January 1, and 7:00 a.m. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal 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 perion. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

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.

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is made up. If at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration peripd 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

(4) That the Special Rules and Regulations for the Blinebry Gas Pool as set forth in Order R-610, dated April 11, 1955, as amended by Order R-610-A, dated May 27, 1955, Order R-610-B, dated June 13, 1955, Order R-610-C, dated January 9, 1956, and Order R-610-D, dated February 26, 1957, be and the same are amended as follows:

RULE 10 - R-610

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production for the Blinebry Gas Pool.

(b) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

RULE 12 - R-610

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blinebry Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of

the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION
RULE 12-A - R-610

The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 13 - R-610

Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry 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.

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.

RULE 14 - R-610

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shutin upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1327
Order No. R-1092

APPLICATION OF TEXAS PACIFIC COAL AND
OIL COMPANY FOR AN ORDER IMMEDIATELY
TERMINATING GAS PRORATIONING IN THE
JALMAT GAS POOL; OR IN THE ALTERNATIVE
REVISING THE SPECIAL POOL RULES FOR THE
JALMAT GAS POOL IN LEA COUNTY, NEW
MEXICO.

INTERIM ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1957, and again at 9 o'clock a.m. on November 14, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th. day of November, 1957, the Commission, a quorum being present, having considered the application, and the evidence thus far adduced 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 it was not possible for the Commission to hear Case No. 1327 to its conclusion at the last hearing of said case and that the case should be continued until 9 o'clock a.m. on December 9, 1957.

(3) That the applicant proposes that the Commission grant an interim exception to the Special Rules and Regulations for the Jalmat Gas Pool to the effect that if any well in the Jalmat Gas Pool had an overproduced status at the beginning of any month during the current gas proration period less than:

(a) the well's current allowable for said month, plus

(b) the well's share of the allowable redistributed as a result of the cancellation of underproduction on December 31, 1957,

then said well shall be considered to have been in balance during said month.

(4) That the proposed interim relief should be granted.

IT IS THEREFORE ORDERED:

(1) That Case No. 1327 be continued until 9 o'clock a.m. on December 9, 1957.

(2) That if any well in the Jalmat Gas Pool had an overproduced status, at the beginning of any month during the current gas proration period (July 1 - December 31, 1957), which was less than:

(a) the well's current allowable for said month, plus

(b) the well's share of the allowable redistributed as a result of the cancellation of underproduction on December 31, 1957,

then said well shall be considered to have been in balance during said month.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1327
Order No. R-1092-A

APPLICATION OF TEXAS PACIFIC COAL &
OIL COMPANY FOR AN ORDER IMMEDIATELY
TERMINATING GAS PRORATIONING IN THE
JALMAT GAS POOL; OR IN THE ALTERNATIVE,
REVISING THE SPECIAL RULES AND REGULATIONS
FOR THE JALMAT GAS POOL IN LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 18, 1957, at 9 o'clock a.m. on November 14, 1957, and again at 9 o'clock a.m. on December 9, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 29th day of January, 1958, the Commission, a quorum being present, having considered the application, and the evidence adduced 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, Texas Pacific Coal & Oil Company, seeks an order in the subject case for the immediate termination of gas prorationing in the Jalmat Gas Pool, Lea County, New Mexico, or in the alternative, an order for the immediate cancellation of all underproduction accumulated to wells in the Jalmat Gas Pool as of July 1, 1957, and further, to require the gas purchasers in said pool to nominate a sufficient amount of gas from the pool to permit the wells from which said purchasers are able to take gas to have an allowable equal to their actual production, and further for the establishment of a proration formula in the Jalmat Gas Pool whereby the allowables would be assigned 75 percent on the basis of deliverability times acreage and 25 per cent on the basis of acreage alone; and further, for the establishment of a maximum amount of gas which may be taken from any well in the Jalmat Gas Pool during a specified period of time.

(3) That it is necessary to continue the proration of gas production from the Jalmat Gas Pool in order to prevent waste and protect correlative rights.

(4) That all underage which accrued to wells in the Jalmat Gas Pool prior to July 1, 1957, and which was not produced prior to January 1, 1958, will be cancelled and redistributed as of that date in accordance with the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order No. R-520 as amended by Order No. R-967, and that the applicant has failed to prove the necessity for any additional relief in this regard.

(5) That the applicant has proved that there is a general correlation between the deliverabilities of the gas wells in the Jalmat Gas Pool and the gas in place under the tracts dedicated to said wells, and that the inclusion of a deliverability factor in the proration formula for the Jalmat Gas Pool would, therefore, result in a more equitable allocation of the gas production in said pool than under the present gas proration formula.

(6) That the inclusion of a deliverability factor in the proration formula for the Jalmat Gas Pool will result in the production of a greater percentage of the pool allowable, and that it will more nearly enable the various gas purchasers in the Jalmat Gas Pool to meet the market demand for gas from said pool.

(7) That the allowable gas production in the Jalmat Gas Pool should be allocated to the non-marginal wells in said pool in accordance with a proration formula based on seventy-five percent (75%) acreage times deliverability plus twenty-five percent (25%) acreage only.

(8) That the applicant has failed to prove the necessity for establishing a limitation on the amount of gas which may be taken from wells in the Jalmat Gas Pool in addition to the limitations presently imposed by the Special Rules and Regulations for the Jalmat Gas Pool.

(9) That the application of Texas Pacific Coal and Oil Company in the subject case should be denied in all respects except that the Special Rules and Regulations for the Jalmat Gas Pool should be amended to provide for a deliverability factor in the gas proration formula.

IT IS THEREFORE ORDERED:

(1) That the application of Texas Pacific Coal and Oil Company in Case No. 1327 be and the same is hereby denied in all respects except that portion of the application concerning the inclusion of a deliverability factor in the gas proration formula for the Jalmat Gas Pool.

(2) That all orders heretofore issued by the Commission creating non-standard gas proration units in the Jalmat Gas Pool, which orders provide in substance that the unit well be granted an allowable in the proportion that the acreage dedicated to the well bears to a standard gas proration unit in the Jalmat Gas Pool, be and the same are hereby amended,

effective July 1, 1958, to read as follows: That the unit be assigned an "Acreage Factor" for allowable purposes to be determined by dividing the acreage dedicated to the well by 160 acres.

(3) That Rule 5, and Rule 6, and Rule 12 of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order No. R-520 and as amended by Order No. R-967, be and the same are hereby revised, effective July 1,1958, to read as follows:

SPECIAL RULES AND REGULATIONS FOR THE JALMAT GAS POOL

RULE 5. (a) (first paragraph) No change

(second paragraph) Revise to read as follows:

A non-standard gas proration unit shall be assigned an "Acreage Factor" for proration purposes to be determined by dividing the acreage in the non-standard gas proration unit by 160 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

(third paragraph) No change

(b) No change.

RULE 6. (a) The Commission, after notice and hearing, shall consider the nominations of the gas purchasers from the Jalmat Gas Pool and other relevent data in fixing the allowable production for the pool.

(b) The monthly allowable allocation to the Jalmat Gas Pool shall be divided and allocated among the wells in the pool which are entitled to an allowable in the manner hereinafter set forth.

A marginal well shall be assigned an allowable equal to its maximum production during any month of the preceding gas proration period.

The pool allowable remaining after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells in the pool as follows:

(1) Twenty-five percent (25%) of the remaining pool allowable shall be allocated among the non-marginal wells in the pool in the proportion that each well's "Acreage Factor" bears to the total "Acreage Factor" for all non-marginal wells in the pool.

(2) Seventy-five percent (75%) of the remaining pool allowable shall be allocated among the non-marginal wells in the pool in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

A well's "Acreage Factor" shall be determined by dividing the acreage assigned to the well by 160 acres. The "Acreage Factor" shall be determined to the nearest one-hundredth of a unit.

A well's "AD Factor" shall be determined by multiplying the well's "Acreage Factor" by its "Calculated Deliverability" (expressed in MCF per day). The "AD Factor" shall be computed to the nearest whole unit. In those instances where there is more than one well on a proration unit the "Calculated Deliverability" for the unit shall be determined by averaging the "Calculated Deliverabilities" of all the wells on the unit.

(c) Annual deliverability tests shall be taken on all gas wells in the Jalmat Gas Pool in a manner and at such time as the Commission may prescribe. The results of such tests shall determine a well's "Calculated Deliverability." Deliverability tests taken during 1958 shall be used in calculating allowables for wells in the Jalmat Gas Pool until July 1, 1959. Subsequent annual deliverability tests shall be used for each twelve-month period thereafter.

(d) No well shall be assigned an allowable until an approved deliverability test has been filed with the Commission.

(e) The Secretary of the Commission shall have authority to exempt marginal wells from the requirement of taking an annual deliverability test in those instances where the deliverability of the well is of such low volume as to have no significance in the determination of the well's allowable.

(f) Retests and tests taken after recompletion or workover shall be taken in the same manner as provided in sub-paragraph (c) above, and any change in the well's "Calculated Deliverability" resulting therefrom shall become effective;

(1) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator; or

(2) A date 45 days prior to the date upon which a well's deliverability and shut-in pressure test is reported to the Commission on Form C-122-C; or

(3) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 2045, Hobbs, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work; if the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Well Location and Acreage Dedication Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

RULE 12. Allowables to newly completed gas wells shall commence:

(a) On the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser;

(b) the latest filing date of Form C-104, C-110 or C-128; or

(c) a date 45 days prior to the date upon which the well's deliverability and shut-in pressure test is reported to the Commission on Form C-122-C;

whichever date is later.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E MORGAN, Member

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

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Eumont Pool

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. 521
Order No. R-356

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER ESTABLISHING MEANS AND METHODS
FOR THE PRORATION OF NATURAL GAS IN LEA,
EDDY, CHAVES AND ROOSEVELT COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1953, April 16, 1953, May 19, 1953, June 16, 1953, July 16, 1953, and August 20, 1953, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 28th day of August, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received in the hearings, 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 the cause and the subject matter thereof.

(2) That for the prevention of waste and protection of correlative rights proper special Rules and Regulations relating to the proration of gas-well gas produced in the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, should be promulgated.

IT IS THEREFORE ORDERED:

SECTION A. That the following rules pertaining to gas well spacing in defined gas pools and acreage requirements for drilling tracts within the defined limits of gas pools in Eddy, Lea, Chaves and Roosevelt Counties, be and the same hereby are adopted effective immediately.

I. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. The Secretary of the Commission shall have authority to grant an exception to the requirements of Statewid Rule 104, Sections (a), (b), (c), and (d),

without notice and hearing where application has been filed in due form, and,

(a) When the necessity for the unorthodox location is based on topographical conditions, or is occasioned by the recompletion of a well previously drilled to another horizon, and

(b) When either one of the following is applicable:

1. When the ownership of all oil and gas leases within a radius of 1320 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location.

2. When all owners of oil and gas leases within such radius consent in writing to the proposed location.

(The above provisions of Rule 1 supersede Rule 104 (f).)

RULE 2. The provisions of Statewide Rule 104 Paragraph (k), shall not apply to gas pools located in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

SECTION B. That the following rules shall apply to defined gas pools in Eddy, Lea, Chaves and Roosevelt Counties only after hearings are held and an order issued on each individual pool. These rules shall be considered as "standby rules" and shall be used as a guide in establishing pool rules.

II. GAS PRORATION.

RULE 3. At such time as the Commission determines that allocation of gas production from gas wells producing from any pool in this four-county area is necessary to prevent waste or to protect correlative rights, the Commission, after notice and hearing, shall consider the nominations of gas purchasers from such gas pool and other relevant data, and shall fix the allowable production of such pool, and shall allocate production among the gas wells in such pool upon a reasonable basis with due regard to correlative rights. Unless special pool rules are adopted as provided in Rule 4 below, the general provisions of this rule shall apply to each gas pool allocated under this rule.

RULE 4. After notice and hearing, the Commission, in order to protect correlative rights, or prevent waste, or both, may promulgate special rules, regulations or orders pertaining to any gas pool.

(The above provisions of Rules 3 and 4 supersede Statewide Rule 602)

III. PRORATION UNITS.

RULE 5. For the purpose of gas allocation in the absence of special pool rules a standard proration unit shall consist of between 158 and 162 contiguous surface acres

substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or after the Commission has been furnished waivers from all offsetting operators, if all acreage is contiguous and does not contain more than four legal quarter-quarter sections and/or lots. Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

IV. GAS ALLOCATION.

RULE 6. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from each gas pool from which it purchases gas. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 7. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from each gas pool from which it purchases gas. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable.

RULE 8. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units; provided that for this purpose standard units shall be as defined in Rule 5 above. More than one proration unit or fractional parts thereof may be assigned to a gas well and the allowables assigned said well may be increased proportionately, provided that:

a. No more than 640 acres shall be assigned to any one well.

b. All acreage in such units may reasonably be presumed to be productive of gas.

c. The multiple unit so formed shall not have an overall length or width exceeding 5,280 feet.

d. Where not more than two proration units are assigned to a well, the well shall not be located closer than 660 feet to the longest boundary of the pooled units nor less than 1320 feet from the shortest boundary of the pooled units. Where three or more units are pooled the well shall not be located closer than 1320 feet to the outer boundary of the pooled unit.

e. Exceptions to the provisions of this rule may be granted by the Commission after notice and hearing or after the Commission has been furnished waivers by all offsetting operators.

(The above provisions of Rules 6, 7 and 8 supersede Statewide Rule 602)

V. BALANCING OF PRODUCTION.

RULE 9. Underproduction: The dates 7:00 A.M. January 1 and 7:00 A.M. July 1 shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said over production until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

(The above provisions of Rules 9 and 10 supersede Statewide Rule 604)

VI. GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

VII. REPORTING OF PRODUCTION.

RULE 13. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

VIII. DEFINITIONS.

RULE 14. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

(The above Rule supersedes Statewide Definition A-24)

RULE 15. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

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. 673
ORDER NO. R-520

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF THE
OIL CONSERVATION COMMISSION, AND/OR
PROMULGATING RULES AND REGULATIONS,
RELATING TO GAS POOL DELINEATION, GAS
PRORATION, AND OTHER RELATED MATTERS,
AFFECTING OR CONCERNING THE JALCO,
LANGMAT, EUMONT, AND ARROW GAS POOLS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1954, April 15, 1954, May 10, 1954, and May 11, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 12th day of August, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under date of February 17, 1953, the Commission issued its Order No. R-264 creating the Jalco, Langmat, Arrow, and Eumont Gas Pools. That Order R-264 defined the vertical and horizontal limits of the Langmat, Jalco, Eumont and Arrow gas pools and that by subsequent orders the Commission extended the horizontal limits of the Jalco and Eumont Gas Pools and extended the vertical limits of the Eumont Gas Pool.

(3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-368, R-369, R-370 and R-371 and under date of November 10, 1953, the Commission issued its Orders Nos. R-368-A, R-369-A, R-370-A and R-371-A, providing rules, definitions and procedures to be followed in prorating gas in the jalco, Langmat, Eumont and Arrow gas pools; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.

(4) That the Eumont and Arrow Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order; that the Jalco and Langmat Gas Pools are in fact one common gas reservoir, and said reservoir should be designated the "Jalmat Gas Pool" and delineated as set forth in this order.

(5) That the producing capacity of the gas wells in the Jalmat, Eumont and Arrow Gas Pools is greater than the market demand for gas from each of such pools.

(6) That for the prevention of waste it is necessary to allocate and prorate the gas production among the gas wells in the Jalmat, Eumont and Arrow Gas Pools in accordance with provisions of this order.

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Jalmat, Eumont and Arrow gas pools be prorated in accordance with the terms and provisions of this order.

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Jalmat, Eumont and Arrow gas pools upon a reasonable basis and give appropriate recognition to correlative rights.

(9) That one gas well in the Jalmat, Eumont and Arrow Gas Pools can efficiently drain 640 acres.

(10) That for the prevention of waste, a limiting gas-oil ratio of 10,000-to-1 should be assigned to the units in the following pools, namely: Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool, Rhodes Oil Pool, Jalmat Gas Pool, Arrow Gas Pool and Eumont Gas Pool.

(11) To prevent waste, the vertical limits of the following oil pools namely: Eunice-Monument Oil Pool, Arrowhead Oil Pool, South Eunice Oil Pool, Langlie-Mattix Oil Pool, Cooper-Jal Oil Pool, Rhodes Oil Pool, Eaves Oil Pool, Hardy Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, should be redefined as provided hereinafter in this order so that the vertical limits of the said oil pools will not conflict with the vertical limits of overlying gas pools.

(12) That the horizontal limits of the oil pools named in Finding No. 11 should be defined as hereinafter set forth in this order.

(13) That the Falby-Yates Oil Pool should be abolished.

(14) That in the interests of conservation, the special rules hereinafter set forth governing the production of oil from wells completed within the vertical and horizontal limits of the Jalmat, Eumont and Arrow gas pools should be adopted.

(15) That for the prevention of waste and the protection of correlative rights, the special rules contained in this order should be adopted to govern the production of oil from wells completed or recompleted in such a manner that the bore hole of the well is open in both the upper gas pools and the underlying oil pools.

(16) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.

IT IS THEREFORE ORDERED:

(1) That the Jalmat Gas Pool be and the same hereby is created. The vertical limits of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100

feet above the base of the Seven Rivers formation, thereby including all of the Yates formation. The horizontal limits of the Jalmat Gas Pool shall be the area as described in Exhibit "A" attached hereto and made a part hereof.

(2) That the vertical limits of the Eumont Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Eumont Gas Pool shall be the area as described in Exhibit "B" attached hereto and made a part hereof.

(3) That the vertical limits of the Arrow Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Arrow Gas Pool shall be the area as described in Exhibit "C" attached hereto and made a part hereof.

(4) That the vertical limits of the Eunice-Monument Oil Pool, heretofore created, shall include all of the Grayburg and San Andres formations. The horizontal limits of the Eunice-Monument Oil Pool shall be the area as described in Exhibit "D" attached hereto and made a part hereof.

(5) That the vertical limits of the Arrowhead Oil Pool shall include all of the Grayburg formation.

(6) That the vertical limits of the following oil pools, heretofore created, defined and described shall extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation.

Cooper-Jal Oil Pool
South Eunice Oil Pool
Langlie-Mattix Oil Pool

(7) That the horizontal limits of the Cooper-Jal Oil Pool shall be the area as described in Exhibit "E" attached hereto and made a part hereof.

(8) That the horizontal limits of the Langlie-Mattix Oil Pool shall be the area as described in Exhibit "F" attached hereto and made a part hereof.

(9) That the horizontal limits of the South Eunice Oil Pool shall be the area as described in Exhibit "G" attached hereto and made a part hereof.

(10) That no gas, either dry gas or casinghead gas, shall be flared or vented in the following pools unless specifically authorized by order of the Commission after notice and hearing:

Eunice-Monument Oil Pool
South Eunice Oil Pool
Hardy Oil Pool
Penrose-Skelly Oil Pool
Cooper-Jal Oil Pool
Arrowhead Oil Pool
Langlie-Mattix Oil Pool
Rhodes Oil Pool
Leonard Oil Pool
South Leonard Oil Pool

Eaves Oil Pool
Arrow Gas Pool
Eumont Gas Pool
Jalmat Gas Pool

This rule shall become effective November 1,1954. Any operator desiring to obtain exception from the provisions of this rule shall apply for hearing prior to September 15, 1954. All operators shall file Form C-110, in duplicate, designating thereon the disposition of all dry gas or casinghead gas from each well in each pool listed above. Within 15 days after completion of any oil or gas well within the boundaries of the above listed pools, the operator shall file Form C-110 designating the disposition of gas from the well.

Failure to comply with the provisions of this rule within the prescribed time limits will result in the suspension of any further allowable. Extraction plants procecessing any gas from any of the above designated pools shall comply with the "no-flare" provisions of this rule, provided however, that the restriction may be lifted when mechanical difficulties arise or when the gas flared is of no commercial value.

(11) That oil wells producing from the following named pools shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505; Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool and Rhodes Oil Pool.

(12) That the Falby-Yates Oil Pool as heretofore created, defined and described shall be abolished and all oil wells presently producing from the Falby-Yates Oil Pool shall be governed by the applicable rules of the Jalmat Gas Pool.

(13) That that portion of the Rhodes Storage Area lying within the defined limits of the Jalmat Gas Pool shall be exempted from the applicable provisions of the Jalmat Gas Pool Rules. The Rhodes Storage Area shall include the following described area:

TOWNSHIP 26 South, RANGE 37 East, NMPM
Sec. 4: W/2 NW/4, SE/4 SE/4, W/2 SE/4, SW/4;
Sec. 5: All
Sec. 6: NE/4 NW/4, NE/4, SE/4 SE/4, N/2 SE/4
Sec. 7: NE/4 NE/4
Sec. 8: N/2, N/2 S/2, SE/4 SW/4, S/2 SE/4
Sec. 9: All
Sec. 10: W/2 NW/4, SE/4 NW/4, S/2
Secs. 15 & 16: All
Sec. 17: E/2 NW/4, E/2
Sec. 20: E/2
Secs. 21 & 22: All
Sec. 23: SW/4 NW/4, SW/4
Secs. 26, 27, & 28: All
Sec. 29: E/2 NE/4

That special pool rules applicable to the Jalmat Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE JALMAT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Jalmat Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Jalmat Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Jalmat Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Jalmat Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provision of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Jalmat Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Jalmat Gas Pool and other relevant data and shall fix the allowable production of the Jalmat Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Jalmat Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Jalmat Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalmat Gas Pool. The Commission shall consider the "Prelimin-

ary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Jalmat Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Jalmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction. A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Jalmat Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being

sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Jalmat Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Jalmat Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Jalmat Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the overlying gas pool and the producing zone of the underlying oil pool are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to both the overlying gas pool and the underlying oil pool shall be assigned to either the gas pool or the oil pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before September 15, 1954. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, Gas-Oil Ratio Tests shall be taken in accordance with the provisions of Rule 301 of the Commission's Rules and Regulations.

Gas-Oil Ratio Tests shall be taken in all oil or gas pools in accordance with the attached schedule, (Exhibit H). This schedule supersedes the annual Gas-Oil Ratio test schedule previously issued only where applicable.

The operator of any oil or gas well who has submitted Form C-116 to the Commission during 1954 in compliance with the 1954 Annual Gas-Oil Ratio test schedule previously adopted is exempted from the requirement of taking another Gas-Oil Ratio test during 1954. If the test previously submitted is not complete the Proration Manager shall so advise the operator and the operator shall submit the required test in conformance with the Gas-Oil Ratio test schedule as outlined in Exhibit "H" attached hereto and made a part hereof.

PROVIDED FURTHER, That for gas allocation purposes and assignment of allowables the combination of the Jalco and Langmat gas pools to the Jalmat Gas Pool shall be effective September 1, 1954.

It is recognized that a great many wells will be reclassified and reassigned as a result of the provisions of this order and that the time involved in the reclassification may cause certain inequities; therefore, the Proration Manager is hereby directed to take such action as he deems advisable to prevent inequitable withdrawals.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Re-complete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That special pool rules applicable to the Eumont Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE EUMONT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Eumont Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Eumont Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical con-

ditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Eumont Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Eumont Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Eumont Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont Gas Pool and other relevant data and shall fix the allowable production of the Eumont Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Eumont Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Eumont Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Eumont Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m. , January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponcing size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that is should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after

due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Eumont Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Eumont Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Eumont Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Eumont Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, That special pool rules applicable to the Arrow Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE ARROW GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Arrow Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Arrow Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Arrow Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Arrow Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard proration unit may be

formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Arrow Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Arrow Gas Pool and other relevant data and shall fix the allowable production of the Arrow Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Arrow Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Arrow Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Arrow Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Arrow Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Arrow Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Arrow Gas Pool any well which it finds it being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be

known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability if the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

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The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

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RULE 13. 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

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RULE 15. A well producing from the Arrow Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas Purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Arrow Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Arrow Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

EXHIBIT "A"

Horizontal limits of the Jalmat Gas Pool

Township 21 South, Range 36 East

All of Section 31
SW/4 of Section 32
All of Secs. 33 and 34

Township 22 South, Range 35 East
E/2 Section 13

Exhibit "A" (Cont'd)

Township 22 South, Range 36 East
All of Secs. 3 through 10, inclusive.
W/2 Sec. 11
W/2 Section 14
All of Secs. 15 through 18, inclusive
NE/4 Sec. 19
All of Secs. 20 through 23, inclusive
W/2 Sec. 24
All of Secs. 25 through 29, inclusive
All of Secs. 32 through 36, inclusive

Township 22 South, Range 37 East
SW/4 Sec. 31

Township 23 South, Range 36 East
All of Secs. 1 through 4, inclusive
N/2 and SE/4 Sec. 5
E/2 Sec. 8
All Secs. 9 through 16, inclusive
NE/4 Sec. 17
All Secs. 21 through 27, inclusive
E/2 Sec. 28
E/2 Sec. 33
All Secs. 34, 35 and 36

Township 23 South, Range 37 East
All Secs. 6, 7, S/2 Sec. 8
All Secs. 17 through 21, inclusive
All Secs. 28 through 33, inclusive

Township 24 South, Range 36 East
All of Secs. 1, 2, and 3
E/2 Sec. 4
NE/4 Sec. 9
N/2, SE/4 Sec. 10
All of Secs. 11 through 14, inclusive
E/2 Sec. 15
All Secs. 22 through 26, inclusive
E/2 Sec. 27
E/2 Sec. 34
All Secs. 35 and 36

Township 24 South, Range 37 East
All of Secs. 5, 6, 7 and 8
W/2 Sec. 9
W/2 Sec. 16
All of Secs. 17 through 23, inclusive
All of Secs. 26 through 35, inclusive

Township 25 South, Range 36 East
All of Sec. 1
N/2 Sec. 2
All of Secs. 12, 13, 24 and 25
NE/4 Sec. 36

Township 25 South, Range 37 East
All Sec. 2 through 33, inclusive
W/2 Sec. 34

Exhibit "A" (Cont'd)

Township 26 South, Range 37 East
W/2 Sec. 3
All Secs. 4 through 9, inclusive
W/2 Sec. 10
All of Secs. 15 through 22, inclusive
All Secs. 27, 28 and 29
N/2, SE/4 Sec. 30
E/2 Sec. 31
All of Secs. 32, 33 and 34

EXHIBIT "B"

Horizontal limits of the Eumont Gas Pool

Township 19 South, Range 36 East
All of Secs. 12, 13, 14, 23, 24, 25, 26
E/2 Sec. 27
E/2 Sec. 34
All of Secs. 35 and 36

Township 19 South, Range 37 East
W/2 Sec. 4
E/2 Sec. 5
All of Secs. 7, 8, 17, 18, 19, 20
W/2 Sec. 9
W/2 Sec. 21
W/2 Sec. 27
All of Secs. 28, 29, 30, 31, 33 and 34

Township 20 South, Range 36 East
All of Secs. 1, 2
E/2 Sec. 3
E/2 Sec. 10
All of Secs. 11, 12, 13 and 14
NE/4 Sec. 15
N/2 and SE/4 Sec. 23
All of Secs. 24 and 25
E/2 Sec. 26
E/2 Sec. 35
All Sec. 36

Township 20 South, Range 37 East

W/2 Sec. 2
All of Secs. 3 through 10, inclusive
W/2 Sec. 11
All of Secs. 15 through 22, inclusive
S/2 Sec. 23
All of Secs. 26 through 35, inclusive
W/2 Sec. 36

Township 21 South, Range 35 East
All of Sec. 1
SE/4 Sec. 2

Exhibit "B" (Cont'd)

Township 21 South, Range 35 East (cont'd)
NE/4 Sec. 11
All of Sec. 12
All of Secs. 13 and 24

Township 21 South, Range 36 East
All of Secs. 1 through 21, inclusive
N/2 and SW/4 Sec. 22
W/2 Sec. 27
All of Secs. 28, 29 and 30
N/2 and SE/4 Sec. 32

Township 21 South, Range 37 East
All of Secs. 7 and 18

EXHIBIT "C"

Township 21 South, Range 36 East
SE/4 Sec. 24
All Sec. 25
E/2 Sec. 26
NE/4 and S/2 Sec. 35
All Sec. 36

Township 22 South, Range 36 East
All of Secs. 1 and 2
NE/4 Sec. 11
All of Sec. 12
N/2 and SE/4 Sec. 13

Township 22 South, Range 37 East
W/2 Sec. 7
All Sec. 18
N/2 Sec. 19

EXHIBIT "D"

Horizontal limits of the Eunice-Monument Oil Pool

Township 19 South, Range 36 East
E/2 Sec. 12
All of Sec. 13
All Secs. 23 through 27, inclusive
All Secs. 34, 35 and 36

Township 19 South, Range 37 East
SW/4 Sec. 3
S/2 Sec. 4
All of Secs. 7 and 8
W/2 Sec. 9
W/2 Sec. 16
All Secs. 17 through 21, inclusive
S/2 Sec. 27
All Secs. 28 through 34, inclusive

Exhibit "D" (Cont'd)

Township 20 South, Range 36 East
All Secs. 1, 2 and 3
All Secs. 10 through 14, inclusive
E/2 Sec. 15
All Secs. 23 through 26, inclusive
E/2 Sec. 27
All Secs. 35 and 36

Township 20 South, Range 37 East
All Secs. 3 through 10, inclusive
All Secs. 15 through 21, inclusive
W/2 Sec. 22
All Secs. 29 through 33, inclusive

Township 21 South, Range 35 East
All Secs. 1, 12, 13, 24
E/2 Sec. 25

Township 21 South, Range 36 East
SW/4 Sec. 1
All of Secs. 2 through 11, inclusive
W/2 Sec. 12
W/2 Sec. 13
All Sec. 14 through 22, inclusive
NW/4 Sec. 23
W/2 Sec. 27
All Secs. 28, 29 and 30
N/2 and SE/4 Sec. 32
All Sec. 33
W/2 Sec. 34

EXHIBIT "E"

Horizontal limits of the Cooper-Jal Oil Pool

Township 23 South, Range 36 East
All of Secs. 4, 5, 8, 9, 15, 16, 17, 20, 21, 22, 27, 28, 33 and 34

Township 24 South, Range 36 East
W/2 Sec. 2
All of Secs. 3 and 4
N/2 Sec. 9
All Sec. 10
W/2 Sec. 11
SW/4 Sec. 13
All Secs. 14 and 15
All Secs. 22, 23
NW/4 and W/2 SW/4 Sec. 24
W/2 Sec. 25
All Secs. 26, 27, 34 and 35
W/2 Sec. 36

Township 25 South, Range 36 East
All Secs. 1, 2, 3, 11, 12, 13, 14, 23, 24, 25, 26 and 36

Township 25 South, Range 37 East
SW/4 Sec. 6
W/2 Sec. 7
W/2 Sec. 18
W/2 and W/2 E/2 Sec. 19
W/2 Sec. 30
All Sec. 31
SW/4 Sec. 32

EXHIBIT "F"

Horizontal limits of the Langlie-Mattix Oil Pool

Township 23 South, Range 36 East
All of Secs. 1, 2, 3, 10, 11, 12, 13, 14, 23, 24, 25, 26, 35 and 36

Township 23 South, Range 37 East
W/2 Sec. 6
All of Secs. 7, 18, 19
W/2 W/2 Sec. 26
All Sec. 27
S/2 Sec. 28
All Secs. 29 through 35, inclusive

Township 24 South, Range 36 East
All Sec. 1
E/2 Sec. 2
E/2 Sec. 11
All Sec. 12
N/2 and SE/4 Sec. 13
E/2 and E/2 SW/4 Sec. 24
E/2 Sec. 25
E/2 Sec. 36

Township 24 South, Range 37 East
All of Secs. 2 through 11, inclusive
All of Secs. 14 through 23, inclusive
SW/4 Sec. 25
All Secs. 26 through 35, inclusive
W/2 Sec. 36

Township 25 South, Range 37 East
All of Secs. 2 through 5, inclusive
N/2 and SE/4 Sec. 6
E/2 Sec. 7
All of Secs. 8 through 11, inclusive
W/2 Sec. 13
All Secs. 14 through 17, inclusive
E/2 Sec. 18
E/2 E/2 Sec. 19
All Secs. 20 through 23, inclusive
W/2 Sec. 24
All Sec. 25

Exhibit "F" (Cont'd)

Township 25 South, Range 37 East (Cont'd)
All Secs. 26 through 29, inclusive
E/2 Sec. 30
N/2, SE/4 Sec. 32
All Secs. 33, 34 and 35
W/2 Sec. 36

Township 26 South, Range 37 East
NW/4 Sec. 1
NE/4 Sec. 2

EXHIBIT "G"

Horizontal limits of the South Eunice Oil Pool

Township 21 South, Range 35 East
E/2 Sec. 36

Township 21 South, Range 36 East
All Sec. 31
SW/4 Sec. 32

Township 22 South, Range 35 East
E/2 Sec. 1

Township 22 South, Range 36 East
W/2 Sec. 3
All Secs. 4 through 10, inclusive
SW/4 Sec. 11
W/2 Sec. 14
All Secs. 15 through 23, inclusive
All Secs. 25 through 29, inclusive
E/2 Sec. 30
NE/4 Sec. 31
All Secs. 32 through 36, inclusive

EXHIBIT "H"
GAS-OIL RATIO TEST SCHEDULE

NAME OF POOL	GOR LIMIT	TEST PERIOD			DEADLINE FOR FILING FORM C-116
Oil Pools					
Arrowhead	3500	Nov.	Dec.		Jan. 15, 1955
Cooper-Jal	10000	Sept.			October 15, 1954
Eunice	6000	Oct.	Nov.	Dec.	January 15, 1955
Monument	3000	July	Aug.	Sept.	October 15, 1954
South Eunice	10000	Sept.	Oct.		November 15, 1954
Hardy	10000	Sept.	Oct.		November 15, 1954
Langlie-Mattix	10000	Sept.			October 15, 1954
Leonard	10000	Sept.			October 15, 1954
South Leonard	10000	Sept.			October 15, 1954
Penrose-Skelly	10000	Sept.	Oct.	Nov.	December 15, 1954
Rhodes	10000	Sept.	Oct.		November 15, 1954
GAS POOLS					
Arrow	10000	Oct.	Nov.		December 15, 1954
Eumont	10000	Oct.	Nov.	Dec.	January 15, 1955
Jalmat	10000	Sept.	Oct.	Nov.	December 15, 1954

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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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. 245
ORDER No. R-264

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER DESIGNATING, NAMING, DEFINING AND
EXTENDING THE GAS POOLS OF LEA, EDDY,
AND CHAVES COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on December 22, 1950, March 20, 1951, April 24, 1951, May 23, 1951, and July 24, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on the 17th., day of February, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearings, and being fully advised in the premises,

FINDS:

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

(2) That under the authority of Rule 601 of Order No. 850, effective January 1, 1950, the Commission instituted proceedings upon its own motion to name, classify and define the limits of all known and producing gas pools in the Counties of Lea, Eddy and Chaves, New Mexico.

(3) That during the years 1950 and 1951, the Commission did cause exhaustive studies to be made of all then known southeastern New Mexico gas reserves, and at the several hearings in this cause took voluminous testimony of production engineers, geologists and other experts to the end that the producing gas pools in the area aforesaid should be named, defined and properly classified as such in the interests of conservation, prevention of waste, and the protection of correlative rights.

(4) That the following definitions and classifications of gas pools in Eddy, Lea and Chaves Counties, New Mexico will result in a more efficient administration of the conservation laws of the State of New Mexico.

(a) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Jalco Gas Pool, with the following description:

Township 21 South, Range 35 East, NMPM
E/2 Sec. 12; E/2 Sec. 13; E/2 Sec. 24.

Township 21 South, Range 36 East, NMPM
W/2 Sec. 7; W/2 Sec. 18; W/2 and SE/4 Sec. 19; SW/4 Sec. 20; All Secs. 29 thru 32, incl.

Township 22 South, Range 36 East, NMPM
All Secs. 5 thru 8 incl.; All Sec. 17; N/2 and SE/4 Sec. 18; NE/4 Sec. 19; All Sec. 20; NW/4 Sec. 28; All Sec. 29 and 32; SW/4 Sec. 33.

Township 23 South, Range 36 East, NMPM
All Sec. 4; N/2 and SE/4 Sec. 5; E/2 Sec. 8; All Sec. 9; All Sec. 16; NE/4 Sec. 17; All Sec. 21; W/2 Sec. 27; E/2 Sec. 28; E/2 Sec. 33; W/2 and SE/4 Sec. 34.

Township 24 South, Range 36 East, NMPM
All Sec. 3; E/2 Sec. 4; NE/4 Sec. 9; N/2 and SE/4 Sec. 10; W/2 Sec. 11; All Sec. 14; E/2 Sec. 15; All Secs. 22 and 23; S/2 Sec. 25; All Sec. 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 24 South, Range 37 East, NMPM
S/2 Sec. 31.

Township 25 South, Range 36 East, NMPM
All Sec. 1; N/2 Sec. 2; All Secs. 12, 13, 24 and 25; NE/4 Sec. 36.

Township 25 South, Range 37 East, NMPM
All Secs. 6 and 7; SW/4 Sec. 8; S/2 and NW/4 Sec. 16; All Secs. 17 thru 21 incl.; All Secs. 28 thru 33 incl.; W/2 Sec. 34.

Township 26 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 thru 9 incl.; W/2 Sec. 10; All Secs. 18 and 19; W/2 Sec. 29; E/2 and NW/4 Sec. 30; NE/4 Sec. 31; NW/4 Sec. 32.

(b) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Langmat Gas Pool, with the following description:

Township 21 South, Range 36 East, NMPM
W/2 Sec. 28; All Secs. 33 and 34.

Township 22 South, Range 36 East, NMPM
All Secs. 3, 4, 9 and 10; SW/4 Sec. 11; W/2 Sec. 14; All Secs. 15 and 16; All Secs. 21, 22 and 23; All Secs. 25, 26, 27; S/2 and NE/4 Sec. 28; N/2 and SE/4 Sec. 33; All Secs. 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
SW/4 Sec. 31

Township 23 South, Range 36 East, NMPM
All Secs. 1, 2 and 3; All Secs. 10 thru 15 incl.; All Secs. 22 thru 26 incl.; E/2 Sec. 27; NE/4 Sec. 34; All Secs. 35 and 36.

Township 23 South, Range 37 East, NMPM
All Secs. 6, 7, 18 and 19; W/2 Sec. 29; All Secs. 30 and 31; W/2 Sec. 32.

Township 24 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 11; All Secs. 12, 13, 24; N/2 Sec. 25.

Township 24 South, Range 37 East, NMPM
All Secs. 5 thru 8 incl.; W/2 Sec. 9; W/2 Sec. 16; All Sec. 17 thru 21 incl.; All Secs. 28, 29 and 30; N/2 Sec. 31; All Secs. 32 and 33; SW/4 Sec. 34.

Township 25 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 and 5; N/2 and SE/4 Sec. 8; All Sec. 9; W/2 and SE/4 Sec. 10; All Sec. 15; NE/4 Sec. 16; All Sec. 22; N/2 Sec. 27.

(c) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Eumont Gas Pool, with the following description:

Township 19 South, Range 36 East, NMPM
SE/4 Sec. 13; S/2 Sec. 23; S/2 and NE/4 Sec. 24; All Secs. 25 and 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 19 South, Range 37 East, NMPM
SE/4 Sec. 7; SW/4 Sec. 8; All Secs. 17 thru 20 incl.; W/2 Sec. 21; W/2 Sec. 27; All Secs. 28 thru 34 incl.

Township 20 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 3; E/2 Sec. 10; All Secs. 11 thru 14; incl.; NE/4 Sec. 15; N/2 and SE/4 Sec. 23; All Sec. 24 and 25; E/2 Sec. 26; E/2 Sec. 35; All Sec. 36.

Township 20 South, Range 37 East, NMPM
All Secs. 3 thru 9 incl.; W/2 Sec. 10; W/2 Sec. 15; All Secs. 16 thru 20 incl.; W/2 and NE/4 Sec. 21; NW/4 Sec. 22; W/2 Sec. 29; All Secs. 30, 31 and 32; W/2 Sec. 33.

Township 21 South, Range 35 East, NMPM
SE/4 and Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Sec. 1.

Township 21 South, Range 36 East, NMPM
SW/4 Sec. 1; S/2 and Lots 11, 12, 13 and 14 of Sec. 2; S/2 and Lots 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15 and 16 of Sec. 3; All Secs. 4, 5 and 6; E/2 Sec. 7; All Secs. 8 thru 11, incl.; W/2 Sec. 12; NW/4 Sec. 13; N/2 and SW/4 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 18; NE/4 Sec. 19; N/2 and SE/4 Sec. 20; All Sec. 21; W/2 and NE/4 Sec. 22; E/2 Sec. 28.

(d) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Arrow Gas Pool, with the following description:

Township 21 South, Range 36 East, NMPM
SE/4 Sec. 24; All Sec. 25; S/2 and NE/4 Sec. 35; All Sec. 36.

Township 22 South, Range 36 East, NMPM
All Secs. 1 and 2; NE/4 Sec. 11; All Sec. 12; N/2 and SE/4 Sec. 13.

Township 22 South, Range 37 East, NMPM
W/2 Sec. 7; All Sec. 18; N/2 Sec. 19.

(e) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Tubb Gas Pool, with the following description:

Township 21 South, Range 37 East, NMPM
SW/4 and Lots 3, 4, 5, 6, 11, 12, 13 and 14 of Sec. 2; All of Sec. 3; SE/4 and Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Sec. 4; E/2 Sec. 8; All Secs. 9 and 10; W/2 Sec. 11; W/2 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 19; All Secs. 20 thru 23; incl.; W/2 Sec. 25; All Secs. 26 thru 29 incl.; E/2 Sec. 30; E/2 Sec. 31; All Sec. 32 thru 36 incl.

Township 22 South, Range 37 East, NMPM
All Secs. 1 thru 5; incl.; E/2 Sec. 6; All Secs. 8 thru 16 incl.; E/2 Sec. 21; All Secs. 22, 23 and 24.

Township 22 South, Range 38 East, NMPM
W/2 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; W/2 Sec.19.

(f) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Blinebry Gas Pool, with the following description:

Township 21 South, Range 37 East, NMPM
S/2 Sec. 10; S/2 Sec. 11; All Secs. 14, 15, 22, 23, 26, 27, 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
All Secs. 1, 2, 3, 4, 10, 11, 12, 13, 14, 23, 24 and 25.

Township 22 South, Range 38 East, NMPM
W/2 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; All Secs. 19, 30 and 31.

(g) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Amanda Gas Pool, with the following description:

Township 22 South, Range 37 East, NMPM
All Sec. 25.

(h) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Monument-McKee Gas Pool, with the following description:

Township 19 South, Range 36 East, NMPM
All of Sec. 36.

Township 19 South, Range 37 East, NMPM
All of Sec. 31.

Township 20 South, Range 36 East, NMPM
All of Sec. 1.

Township 20 South, Range 37 East, NMPM
All of Sec. 6.

(i) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Byers-Queen Gas Pool, with the following description:

Township 18 South, Range 38 East, NMPM
All of Secs. 29, 30, 31, and 32.

(j) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Maljamar-Queen Gas Pool, with the following description:

Township 17 South, Range 32 East, NMPM
SW/4 and W/2 SE/4 Sec. 15; All of Sec. 16;
NE/4 Sec. 21; NW/4 and W/2 NE/4 Sec. 22.

(k) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Vandagriff-Keyes Gas Pool, with the following description:

Township 17 South, Range 28 East, NMPM
S/2 Sec. 3; S/2 and NW/4 Sec. 4; All of
Sec. 5; NE/4 Sec. 8; All of Sec. 9 and 10.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission, be and the same hereby is approved, as follows:

I. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Jalco Gas Pool and described as follows:

Township 21 South, Range 35 East, NMPM
E/2 Sec. 12; E/2 Sec. 13; E/2 Sec. 24.

Township 21 South, Range 36 East, NMPM
W/2 Sec. 7; W/2 Sec. 18; W/2 and SE/4 Sec. 19; SW/4 Sec. 20; All Secs. 29 thru 32 incl.

Township 22 South, Range 36 East, NMPM
All Secs. 5 thru 8 incl.; All Sec. 17; N/2 and SE/4 Sec. 18; NE/4 Sec. 19; All Sec. 20; NW/4 Sec. 28; All Sec. 29 and 32; SW/4 Sec. 33.

Township 23 South, Range 36 East, NMPM
All Sec. 4; N/2 and SE/4 Sec. 5; E/2 Sec. 8; All Sec. 9; All Sec. 16; NE/4 Sec. 17; All Sec. 21; W/2 Sec. 27; E/2 Sec. 28; E/2 Sec. 33; W/2 and SE/4 Sec. 34.

Township 24 South, Range 36 East, NMPM
All Sec. 3; E/2 Sec. 4; NE/4 Sec. 9; N/2 and SE/4 Sec. 10; W/2 Sec. 11; All Sec. 14; E/2 Sec. 15; All Secs. 22 and 23; S/2 Sec. 25; All Sec. 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 24 South, Range 37 East, NMPM
S/2 Sec. 31.

Township 25 South, Range 36 East, NMPM
All Sec. 1; N/2 Sec. 2; All Secs, 12, 13, 24 and 25; NE/4 Sec. 36.

Township 25 South, Range 37 East, NMPM
All Secs. 6 and 7; SW/4 Sec. 8; S/2 and NW/4 Sec. 16; All Secs. 17 thru 21 incl.; All Secs. 28 thru 33 incl.; W/2 Sec. 34.

Township 26 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 thru 9 incl.; W/2 Sec. 10; All Secs. 18 and 19; W/2 Sec. 29; E/2 and NW/4 Sec. 30; NE/4 Sec. 31; NW/4 Sec. 32.

(2) That the producing formation in the Jalco Gas Pool shall extend from the top of the Yates formation to a point 100 feet above the base of the Seven Rivers formation.

II. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Langmat Gas Pool and described as follows:

Township 21 South, Range 36 East, NMPM
W/2 Sec. 28; All Secs. 33 and 34.

Township 22 South, Range 36 East, NMPM
All Secs. 3, 4, 9 and 10; SW/4 Sec. 11; W/2 Sec. 14; All Secs. 15 and 16; All Secs. 21, 22 and 23; All Secs. 25, 26, 27; S/2 and NE/4 Sec. 28; N/2 and SE/4 Sec. 33; All Secs. 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
SW/4 Sec. 31.

Township 23 South, Range 36 East, NMPM
All Secs. 1, 2 and 3; All Secs. 10 thru 15 incl.; All Secs. 22 thru 26 incl.; E/2 Sec. 27; NE/4 Sec. 34; All Secs. 35 and 36.

Township 23 South, Range 37 East, NMPM
All Secs. 6, 7, 18 and 19; W/2 Sec. 29; All Secs. 30 and 31; W/2 Sec. 32.

Township 24 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 11; All Secs. 12, 13, 24; N/2 Sec. 25.

Township 24 South, Range 37 East, NMPM
All Secs. 5 thru 8 incl.; W/2 Sec. 9; W/2 Sec. 16; All Sec. 17 thru 21 incl.; All Secs. 28, 29 and 30; N/2 Sec. 31; All Secs. 32 and 33; SW/4 Sec. 34.

Township 25 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 and 5; N/2 and SE/4 Sec. 8; All Sec. 9; W/2 and SE/4 Sec. 10; All Sec. 15; NE/4 Sec. 16; All Sec. 22; N/2 Sec. 27.

(2) That the producing formation in the Langmat Gas Pool shall extend from the top of the Yates formation to a point 100 feet above the base of the Seven Rivers formation.

III (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Eumont Gas Pool and described as follows:

Township 19 South, Range ~~38~~ 36 East, NMPM
SE/4 Sec. 13; S/2 Sec. 23; S/2 and NE/4 Sec. 24; All Secs. 25 and 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 19 South, Range 37 East, NMPM
SE/4 Sec. 7; SW/4 Sec. 8; All Secs. 17 thru 20 incl.; W/2 Sec. 21; W/2 Sec. 27; All Secs. 28 thru 34 incl.

Township 20 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 3; E/2 Sec. 10; All Secs. 11 thru 14 incl.; NE/4 Sec. 15; N/2 and SE/4 Sec. 23; All Sec. 24 and 25; E/2 Sec. 26; E/2 Sec. 35; All Sec. 36.

Township 20 South, Range 37 East, NMPM
All Secs. 3 thru 9 inc.; W/2 Sec. 10; W/2 Sec. 15; All Secs. 16 thru 20 incl.; W/2 and NE/4 Sec. 21; NW/4 Sec. 22; W/2 Sec. 29; All Secs. 30, 31 and 32; W/2 Sec. 33.

Township 21 South, Range 35 East, NMPM
SE/4 and Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Sec. 1.

Township 21 South, Range 36 East, NMPM
SW/4 Sec. 1; S/2 and Lots 11, 12, 13 and 14 of Sec. 2; S/2 and Lots 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15 and 16 of Sec. 3; All Sec. 4, 5 and 6; E/2 Sec. 7; All Secs. 8 thru 11; incl. W/2 Sec. 12; NW/4 Sec. 13; N/2 and SW/4 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 18; NE/4 Sec. 19; N/2 and SE/4 Sec. 20; All Sec. 21; W/2 and NE/4 Sec. 22; E/2 Sec. 28.

(2) That the producing formation in the Eumont Gas Pool shall extend from the top of the Yates formation to a point 200 feet below the top of the Queen formation thereby including all of the Seven Rivers formation.

IV. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Arrow Gas Pool and described as follows:

Township 21 South, Range 36 East, NMPM
SE/4 Sec. 24; All Sec. 25; S/2 and NE/4 Sec. 35; All Sec. 36.

Township 22 South, Range 36 East, NMPM
All Secs. 1 and 2; NE/4 Sec. 11; All Sec. 12; N/2 and SE/4 Sec. 13.

Township 22 South, Range 37 East, NMPM
W/2 Sec. 7; All Sec. 18; N/2 Sec. 19.

(2) That the producing formation in the Arrow Gas Pool shall extend from the top of the Yates formation to a point 200 feet below the top of the Queen formation, thereby including all of the Seven Rivers formation.

V. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Tubb Gas Pool and described as follows:

Township 21 South, Range 37 East, NMPM
SW/4 and Lots 3, 4, 5, 6, 11, 12, 13 and 14 of Sec. 2; All of Sec. 3; SE/4 and Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Sec. 4; E/2 Sec. 8; All Secs. 9 and 10; W/2 Sec. 11; W/2 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 19; All Secs. 20 thru 23; incl.; W/2 Sec. 25; All Secs. 26 thru 29 inc.; E/2 Sec. 30; E/2 Sec. 31; All Secs. 32 thru 36 incl.

Township 22 South, Range 37 East, NMPM
All Secs. 1 thru 5 incl.; E/2 Sec. 6; All Secs. 8 thru 16 incl.; E/2 Sec. 21; All Secs. 22, 23 and 24.

Township 22 South, Range 38 East, NMPM
W/2 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; W/2 Sec. 19.

(2) That the producing formation in the Tubb Gas Pool shall extend from the top of the Tubb sand to a point 225 feet below the top of the Tubb sand.

VI. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Blinebry Gas Pool and described as follows:

Township 21 South, Range 37 East, NMPM
S/2 Sec. 10; S/2 Sec. 11; All Secs. 14, 15, 22, 23, 26, 27, 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
All Secs. 1, 2, 3, 4, 10, 11, 12, 13, 14, 23, 24 and 25.

Township 22 South, Range 38 East, NMPM
W/2 Sec.6; W/2 Sec. 7; W/2 Sec. 18; All Secs. 19, 30 and 31.

(2) That the producing formation in the Blinebry gas pool shall be all of the Blinebry formation.

VII. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Amanda Gas Pool and described as follows:

Township 22 South, Range 37 East, NMPM
All Sec. 25.

(2) That the producing formation in the Amanda Gas Pool shall be known as the Amanda zone of lower Permian encountered at an approximate depth of 7050 feet.

VIII. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Monument-McKee Gas Pool and described as follows:

Township 19 South, Range 36 East, NMPM
All of Sec. 36.

Township 19 South, Range 37 East, NMPM
All of Sec. 31.

Township 20 South, Range 36 East, NMPM
All of Sec. 1.

Township 20 South, Range 37 East, NMPM
All of Sec. 6

(2) That the producing formation in the Monument-McKee Gas Pool shall be the McKee sand of the Simpson formation.

IX. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Byers-Queen Gas Pool and described as follows:

Township 18 South, Range 38 East, NMPM
All of Secs. 29, 30, 31 and 32.

(2) That the producing formation in the Byers-Queen Gas Pool shall be the Queen formation.

X.(1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Maljamar-Queen Gas Pool and described as follows:

Township 17 South, Range 32 East, NMPM
SW/4 and W/2 SE/4 Sec. 15; All of Sec. 16;
NE/4 Sec. 21; NW/4 and W/2 NE/4 Sec. 22.

(2) That the producing formation in the Maljamar-Queen Gas Pool shall be the Queen formation.

XI. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Vandagriff-Keyes Gas Pool and described as follows:

Township 17 South, Range 28 East, NMPM
S/2 Sec. 3; S/2 and NW/4 Sec. 4; All of
Sec. 5; NE/4 Sec. 8; All of Sec. 9 and 10.

(2) That the producing formation in the Vandagriff-Keyes Gas Pool shall be the Queen formation encountered at an approximate depth of 1400 feet.

IT IS FURTHER ORDERED:

That due to the extensive development program being carried on by the oil and gas operators in the southeastern New Mexico, and the possible enlargement of existing pools or discovery of new pools, the Commission orders that further testimony in the matter be received at the regular monthly hearing of the Commission on April 16, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

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. 521
Order No. R-356

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER ESTABLISHING MEANS AND METHODS
FOR THE PRORATION OF NATURAL GAS IN LEA,
EDDY, CHAVES AND ROOSEVELT COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1953, April 16, 1953, May 19, 1953, June 16, 1953, July 16, 1953, and August 20, 1953, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 28th day of August, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received in the hearings, 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 the cause and the subject matter thereof.

(2) That for the prevention of waste and protection of correlative rights proper special Rules and Regulations relating to the proration of gas-well gas produced in the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, should be promulgated.

IT IS THEREFORE ORDERED:

SECTION A. That the following rules pertaining to gas well spacing in defined gas pools and acreage requirements for drilling tracts within the defined limits of gas pools in Eddy, Lea, Chaves and Roosevelt Counties, be and the same hereby are adopted effective immediately.

I. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. The Secretary of the Commission shall have authority to grant an exception to the requirements of Statewide Rule 104, Sections (a), (b), (c), and (d),

without notice and hearing where application has been filed in due form, and,

(a) When the necessity for the unorthodox location is based on topographical conditions, or is occasioned by the recompletion of a well previously drilled to another horizon, and

(b) When either one of the following is applicable:

1. When the ownership of all oil and gas leases within a radius of 1320 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location.

2. When all owners of oil and gas leases within such radius consent in writing to the proposed location.

(The above provisions of Rule 1 supersede Rule 104 (f).)

RULE 2. The provisions of Statewide Rule 104 Paragraph (k), shall not apply to gas pools located in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

SECTION B. That the following rules shall apply to defined gas pools in Eddy, Lea, Chaves and Roosevelt Counties only after hearings are held and an order issued on each individual pool. These rules shall be considered as "standby rules" and shall be used as a guide in establishing pool rules.

II. GAS PRORATION.

RULE 3. At such time as the Commission determines that allocation of gas production from gas wells producing from any pool in this four-county area is necessary to prevent waste or to protect correlative rights, the Commission, after notice and hearing, shall consider the nominations of gas purchasers from such gas pool and other relevant data, and shall fix the allowable production of such pool, and shall allocate production among the gas wells in such pool upon a reasonable basis with due regard to correlative rights. Unless special pool rules are adopted as provided in Rule 4 below, the general provisions of this rule shall apply to each gas pool allocated under this rule.

RULE 4. After notice and hearing, the Commission, in order to protect correlative rights, or prevent waste, or both, may promulgate special rules, regulations or orders pertaining to any gas pool.

(The above provisions of Rules 3 and 4 supersede Statewide Rule 602)

III. PRORATION UNITS.

RULE 5. For the purpose of gas allocation in the absence of special pool rules a standard proration unit shall consist of between 158 and 162 contiguous surface acres

substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or after the Commission has been furnished waivers from all offsetting operators, if all acreage is contiguous and does not contain more than four legal quarter-quarter sections and/or lots. Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

IV. GAS ALLOCATION.

RULE 6. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from each gas pool from which it purchases gas. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 7. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from each gas pool from which it purchases gas. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable.

RULE 8. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units; provided that for this purpose standard units shall be as defined in Rule 5 above. More than one proration unit or fractional parts thereof may be assigned to a gas well and the allowables assigned said well may be increased proportionately, provided that:

a. No more than 640 acres shall be assigned to any one well.

b. All acreage in such units may reasonably be presumed to be productive of gas.

c. The multiple unit so formed shall not have an overall length or width exceeding 5,280 feet.

d. Where not more than two proration units are assigned to a well, the well shall not be located closer than 660 feet to the longest boundary of the pooled units nor less than 1320 feet from the shortest boundary of the pooled units. Where three or more units are pooled the well shall not be located closer than 1320 feet to the outer boundary of the pooled unit.

e. Exceptions to the provisions of this rule may be granted by the Commission after notice and hearing or after the Commission has been furnished waivers by all offsetting operators.

(The above provisions of Rules 6, 7 and 8 supersede Statewide Rule 602)

V. BALANCING OF PRODUCTION.

RULE 9. Underproduction: The dates 7:00 A.M. January 1 and 7:00 A.M. July 1 shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said over production until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

(The above provisions of Rules 9 and 10 supersede Statewide Rule 604)

VI. GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

VII. REPORTING OF PRODUCTION.

RULE 13. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

VIII. DEFINITIONS.

RULE 14. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

(The above Rule supersedes Statewide Definition A-24)

RULE 15. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 582
Order No. R-368

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE JALCO GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Jalco Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Jalco Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Jalco Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Jalco Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a. m., on October 26, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 582
Order No. R-368-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 26, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-368 was duly entered by the Commission. Order R-368 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Jalco Gas Pool, heretofore established. R-368 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony addduced Special Pool rules should be promulgated for the Jalco Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Jalco Pool, and should conform, generally with the provisional special rules of Order R-368.

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

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

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

(8) That the area within the exterior boundaries of the Jalco Gas Pool known and described as the "Rhodes Storage Area" should be exempt from the Special Rules and Regulations applicable to the Jalco Gas pool provided acceptable reports of operations in said storage area are regularly filed.

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8 At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalco Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Jalco Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalco Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted tosuch non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045 Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from

each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

PROVIDED FURTHER that the provisions of these rules contained herein shall not apply to those wells involved in the Rhodes Storage Area. Provided, however, that operators in the Rhodes Storage Area shall submit semi-annual reports, corresponding with the Jalco Gas Pool proration period, said reports shall contain statistical information showing the amount of gas injected and withdrawan from storage during each period and the cumulative amount of gas injected and withdrawan at the end of the proration period.

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-368, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

E. S. Walker, Member

R. R. Spurrier, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 583
Order No. R-369

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE LANGMAT GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

Now, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Langmat Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Langmat Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the

special rules and regulations of the Langmat Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Langmat Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a. m. on October 27, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

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. 583
ORDER NO. R-369-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 27, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-369 was duly entered by the Commission. Order R-369 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Langmat Gas Pool, heretofore established. R-369 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Langmat Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Langmat Gas Pool, and should conform, generally with the provisional special rules of Order R-369.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the

unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Langmat Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Langmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Langmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, hpwever that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas Purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-369, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

S E A L

R. R. SPURRIER, Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 584
Order No. R-370

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE EUMONT GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Eumont Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Eumont Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Eumont Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Eumont Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m. on October 28, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 584
Order No. R-370-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-370 was duly entered by the Commission. Order R-370 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Eumont Gas Pool, heretofore established. R-370 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Eumont Gas Pool, heretofore established, described and classified as a gas pool

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

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 feet radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Eumont Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward

to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. (If at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.)

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced." The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable."

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 585
Order No. R-371

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE ARROW GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Arrow Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Arrow Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made

the special rules and regulations of the Arrow Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Arrow Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock am., on October 28, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

Crosby Devonian

Complete

1-19-60

D R A F T

CROSBY (DEVONIAN) GAS POOL
LEA COUNTY, NEW MEXICO

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Index Sheet

R-639 : Crested Pool Rules, May 27, 1955

R-639-A: Supercedes Orders R-639, 787 and R-914, December 28, 1957. (Orders 787 and R-914 are Boundary Extension Order, as shown in NMOCC Index - no copies available.)

R-639-B: Ordered that Order R-639-A remain in full force and effect pending the issuance of any further order. January 16, 1957.
(Order R-639-B stated that Case would be reopened and rehearing to be held on February 14, 1957 and that testimony shall be limited to new evidence. Has this hearing been held or cancelled? Could find no new R number.

CROSBY (DEVONIAN) GAS POOL
LEA COUNTY, NEW MEXICO

II

DRAFT OF CONSOLIDATED POOL RULES
FOR CROSBY(DEVONIAN) GAS POOL

FINDS:

(1) That due notice of the time and place of hearing having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.
(R-639 and R-639-A General)

(2) That Anderson-Prichard Oil Corporation did complete its American Republics-Federal No. 1 discovery well in the NE/4 SW/4 of Section 28, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico on or about January 18, 1955.
(R-639 and R-639-A Special)

(3) That said well potential 30,000 MCF of gas per day on an absolute open flow test from the Devonian formation in the depth interval of 8270 to 8390 feet.
(R-639 and R-639-A Special)

(4) That said well discovered a new common source of supply in this area.
(R-639 and R-639-A ~~Shall~~ Should be included with item 3)

(5) That sufficient evidence was presented to the Commission as to the probable areal extent and directional trend of the newly discovered common source of supply to justify the creation of the new pool as contemplated.
(R-639 General ~~Substitute~~ Combine Special with para. 5 R-639-A)

(5) That under date of May 27, 1955, the Commission issued its Order No. R-639 creating the Crosby-Devonian Pool. That Order No. R-789 and R-914 has extended the horizontal limits of the Crosby-Devonian gas pool.
(Para. 5 R-639-A ~~Out - is in Index~~ Special)

(6) That in conformity with the practices of the Commission, a pool should be created, defined and classified including such acreage as appears to cover the newly discovered source of supply.
(R-639 General - Substitute with para. 6- R-639A)

(6) That the pool has already been developed to the extent that a 640-acre drilling and proration unit could not now be formed within the probable productive limits of the pool as evidenced by siesmic surveys and geological information taken from existing wells.
(Para. 6 R-639-A Special)

(7) That the probable areal extent of the common source of supply is limited, and as a result thereof a proration unit of more than 160 acres could cause the inclusion in units of acreage that cannot reasonably be assumed to be productive of gas.
(R-639 and R-639-A Special)

(8) That one well will sufficiently and economically drain at least 160 acres of the said common source of supply.
(R-639 Special - Should be used in place of para. 8 R-639-A, since wording "at least" probably more accurately describes drainage efficiency of well.

(8) That one well will efficiently and economically drain 160 acres of the said common source of supply.
(R-639-A) Should be replaced with para. 8 R-639)

(9) That in order to provide for the orderly development of the common source of supply, and to prevent waste, drilling units of 160 acres, well-spacing regulations, and a casing program should be established for said common source of supply.
(R-639 Use para. 9, R-639-A)

(9) That in order to provide for the orderly development of the common source of supply, and to prevent waste, drilling units of 160 acres, well-spacing regulations, a casing program and the allocation and proration of gas production should be established for said common source of supply.
(para. 9, R-639-A; General and special with size unit in special)

(10) That the producing capacity of the gas wells in the Crosby-Devonian Gas Pool is greater than the market demand for gas from such pool and the pool should therefore be prorated.
(R-639-A General, leave out name of pool)

(11) That a proration formula based on 100% acreage would provide a just and equitable allocation of the gas from the Crosby Devonian gas pool, and that nothing further would be accomplished by the incorporation of a pressure factor in the proration formula.
(R-639-A Special)

(12) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.
(R-639-A General)

IT IS THEREFORE ORDERED:

(1) That the Crosby-Devonian Gas Pool is hereby created, and that said pool shall consist of the following described acreage:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
All of Section 28
(R-639 Replace with para. 1, R-639-A)

(1) That Order R-639, Order 787 and R-914 be and the same are hereby superseded.
(para. 1, R-639-A Special)

(2) That effective on the date of this order, the following Rules and Regulations shall apply to wells hereafter drilled, completed, or recompleted to the Devonian formation in the Crosby-Devonian Gas Pool area, as defined above, in addition to the Commission's Applicable rules, regulations and orders heretofore or hereafter adopted, to the extent not to conflict herewith;

(R-639 should be replaced with para. 2 R-639-A)

(2) That the horizontal limits of the Crosby-Devonian Gas Pool shall be the area as described in Exhibit "A" attached hereto and made a part hereof. That the vertical limits shall include all the formations that can reasonably be considered to be of Devonian age.

(para. 2 R-639-A Special)

(3) That no gas, either dry gas or casinghead gas shall be flared or vented in the Crosby-Devonian gas pool unless specifically authorized by order of the Commission after notice and hearing.

(R-639-A General - Leave out pool name)

(4) That within 15 days after the date of this order, operators of all wells in the Crosby-Devonian gas pool shall comply with the provisions of Rule 1107, pertaining to Form C-104; Rule 1109, pertaining to Form C-110; and Rule 1127, pertaining to Form C-128; of the Commission Rules and Regulations.

(R-639-A Special)

SPECIAL RULES AND REGULATIONS FOR THE CROSBY-DEVONIAN POOL

SECTION 1. Any well drilled one mile or less from ~~the~~ outside the outer horizontal boundary of the Crosby-Devonian Gas Pool, and drilled to the Devonian formation, shall be spaced, drilled, operated, and prorated in accordance with the rules and regulations in effect in the said Crosby-Devonian Gas Pool.

(R-639 General - After omitting pool name)

SECTION 2. No well shall be drilled, completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of not less than 160 acres ~~of land~~, more or less, said acreage to be substantially in the form of a square conforming to a legal subdivision (quarter-section) of the U. S. Public Lands Survey, in which unit all the interests are consolidated by pooling agreement or otherwise, and on which unit no other well is completed or approved for completion in said pool.

(b) Such well shall be located not closer than 660 feet to any outer boundary line of the tract, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary, nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

b

(c) The pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of a uniform spacing plan, deprive or tend to deprive the owner of such tract of the opportunity to recover its just and equitable share of the natural gas in said pool, provided that the owner of any tract that is smaller than a drilling unit established for the pool shall not be deprived of the right to drill on and produce from such tract if same can be done without waste; but in such case the allowable production from such tract, as compared with the allowable production from such tract, as compared with the allowable production therefrom if such tract were a full 160-acre unit area shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of the standard 160-acre proration unit.
(R-639: Delete and use "Well Spacing etc." Rule 3, R-639-A Special) 6-5-14 Stat. 1949

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING AND PRORATION UNITS

RULE 2. Any gas well drilled to the Devonian formation within one mile of the horizontal limits of the Crosby-Devonian Gas Pool shall be spaced, drilled, operated, and prorated in accordance with the rules and regulations in effect in the said Crosby-Devonian Gas Pool.
(~~XXIX~~ R-639-A Special)

RULE 3. No well shall be drilled, completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of 160 acres of land, more or less, said acreage to be substantially in the form of a square conforming to a legal sub-division (quarter-section) of the U. S. Public Lands Survey, in which unit all the interests are ~~xxxx~~ consolidated by pooling agreement or otherwise, and on which unit no other well is completed or approved for completion in the pool.

(b) Such well shall be located not closer than 660 feet from any outer boundary line of the tract, nor closer than 330 feet from any quarter-quarter section or sub-division inner boundary, nor closer than 1320 feet from a well drilling to or capable of producing from the pool.

General

(c) The Secretary of the Commission shall have authority to grant an exception to the well location requirements of sub-paragraph (b) above without notice and hearing where application has been filed in due form and

1. The necessity for the unorthodox location is based on topographical conditions, and

1949

2. (a) The ownership of all oil and gas leases within a radius of 660 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, or

(b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

(c) In lieu of sub-paragraph 2 (a) and (b) of this rule the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to drill an unorthodox location. The Secretary-Director of the Commission may approve the application if, after a period of twenty days following the mailing of said notice, no operator has made objection to the drilling of the unorthodox location.
(R-639-A Special)

General

RULE 4. The provisions of Paragraph (k) of Commission Rule 104 shall not apply to the Crosby-Devonian Gas Pool located in Lea County, New Mexico.
(R-639-A Special)

Special & General

RULE 5. The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Crosby-Devonian Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio that the area of such non-standard proration unit bears to 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.
(R-639-A Special)

Hinkle Hunting Gallagher

SECTION 3. The casing program for the field shall include three strings of casing set in accordance with the following plan:

(a) The surface string shall be new or reconditioned pipe with a mill test of not less than two thousand (2,000) pounds per square inch and shall be set and cemented at a depth of approximately five hundred (500) feet, such depth being sufficient to protect the fresh water bearing sands of the Santa Rosa Formation.

Cementing shall be by the pump-and-plug method, and sufficient cement shall be used to fill the annular the bottom of the cellar. Cement shall stand a minimum of sixteen (16) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating pressure tests. Before drilling the plug, this string shall be tested by the application of at least one thousand (1,000) pounds per square inch and, if at the end of thirty (30) minutes the pressure shows a drop of one hundred fifty (150) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

(b) The intermediate string shall consist of new or reconditioned pipe that has been tested to two thousand (2,000) pounds per square inch and shall be set at approximately thirty-six hundred (3,600) feet. Cementing shall be by the pump-and-plug method, and sufficient cement shall be used to fill the calculated annular space back of the pipe to a point one hundred (100) feet above the top of the Salado formation. The cement shall stand a minimum of twenty-four (24) hours under pressure and a total of thirty (30) hours before drilling plug or initiating tests. Casing shall be tested by the application of at least twelve hundred (1200) ~~psi~~ pounds per square inch pump pressure. If, at the end of thirty (30) minutes, the pump pressure shows a drop of one hundred (100) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

(c) ~~xxx~~ The producing or oil string shall be new or reconditioned casing that has been tested to four thousand (4,000) pounds per square inch and shall be set at a depth not less than the top of the Devonian formation. Cementing shall be with a minimum of three hundred fifty (350) sacks of cement applied by the pump and plug method and shall stand a minimum of twenty four (24) hours under pressure and a total of forty eight (48) hours before drilling the plug or initiating tests. After cementing, the casing shall be tested by pump pressure of at least fifteen hundred (1,500) pounds per square inch for a period of at least thirty (30) minutes. If, at the end of 30 minutes the pressure shows a drop of one hundred (100) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.
(R-639 Delete and use "Casing Program Requirements " Rule 1, R-639-A Special)

CASING PROGRAM REQUIREMENTS:

RULE 1. The casing program for the field shall include three strings of casing set in accordance with the following plan:

(a) The surface string shall be new or reconditioned pipe with a mill test of not less than two thousand (2,000) pounds per square inch and shall be set and cemented at a depth of approximately five hundred (500) feet, such depth being sufficient to protect the fresh water bearing sands of the Santa Rosa formation.

Cementing shall be by the pump-and-plug method, and sufficient cement shall be used to fill the annular space back of the pipe to the surface of the ground or the bottom of the cellar. Cement shall stand a minimum of sixteen (16) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating pressure tests. Before drilling the plug, this string shall be tested by the application of at least one thousand (1,000) pounds per square inch ~~xxxx

If, at the end of 30 minutes the pressure shows a drop of one hundred (100) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner. (R-639-A Special)

SECTION 4. All additional lands located within one mile of any land in the pool defined above or as it may be extended shall conform to these Rules and Regulations; provided, that by order of the Commission the pool may be redisignated from time to time so as to embrace other lands in the vicinity which are believed to be capable of production from the Devonian formation, whether or not such land shall have been at one time included in another designated field or pool.

(~~RMXX~~ R-639 Should be deleted - Covered adequately with "Well Spacing etc," - Rule 2; R-639-A listed above.

The following Rules - Rule 6 through Rule 18 were established by order R-639-A and are not contained in Order R-639.

DETERMINING POOL ALLOWABLE.

RULE 6. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Crosby-Devonian Gas Pool. The Commission shall consider the "Preliminary Nominations" of the purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without wast within the ensuing proration period. "Preliminary Nominations" shall be submitted on Commission Form C-121-A.
(R-639-A General - omit pool name)

RULE 7. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nominations," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Crosby-Devonian Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The total allowable to be allocated to the pool each month shall be equal to the preliminary or supplemental nominations (whichever is applicable) together with any adjustments which the Commission deems advisable.
(R-639-A General after omitting pool name)

DETERMINING WELL ALLOWABLES.

RULE 8. The Commission after determining the market demand for the pool, as set out in Rules 6 and 7, above, shall determine a monthly allowable for each well in the pool which is entitled to an allowable in accordance with the following procedure:

(a) Each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

(b) The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding 6 months gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

(d) The Commission may assign minimum allowables to prevent the premature abandonment of wells.
(R-639-A General)

CLASSIFICATION OF WELLS

RULE 9. (a) Effective January 1, 1958, and at the beginning of each subsequent gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified.

However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be calssified as a marginal well.

(b) A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to producing ability indicates that the well is improperly classified.

(c) A marginal well shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled.

(d) The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

(e) If at the end of a proratbn period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

(f) All wells not classified as marginal wells shall be non-marginal wells.
(R-639-A General)

BALANCING OF PRODUCTION.

RULE 10. The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time between these dates shall be knows as gas proration periods.

However, the first proration period for the Crosby-Devonian gas pool shall begin April 1, 1957 at 7:00 a.m., and shall continue until January 1, 1958 at 7:00 a.m.
(R-639-A General - Omit pool name)

RULE11. Underproduction: Any non-marginal well which has an underproduced status at 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.

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 under-production carried into such period in determining the amount of allowable, if any, to be cancelled.
(R-639-A General)

RULE 12. Overproduction: Any well which has an overproduced status at the end of a gas proration period shall carry such over-production forward into the next gas proration period, provided that such overproduction shall be made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during the current month.

Allowable assigned to a well during any one month of a gas proration period in excess of the production for such month shall be applied against any overproduction carried into such period in determining the amount of overproduction, if any, which has not been made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.
(R-639-A General)

RULE 13. Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistributin thereof, shall be applied against the overproduction carried into said proration period.
(R-639-A General)

CONTENTS OF GAS PRORATION SCHEDULE

RULE 14. (a) The Commission shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each non-marginal well on the schedule.
(R-639-A General)

(b) The Commission shall include in the proration schedule the gas wells in the Crosby-Devonian Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the said gas pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.
(R-639-A General - Omit pool name)

GRANTING OF ALLOWABLES.

RULE 15. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with Form C-128 showing acreage attributed to said well and the locations of all wells on the lease.
(R-639-A General)

RULE 16. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and Form C-128 or the approval of a non-standard proration unit or filing of an affidavit of communitization, whichever date is the later.

The date of first allowable for all gas wells which are within the Crosby-Devonian Gas Pool or within one mile thereof shall be April 1, 1957, provided the provisions of this rule and Rule 11 have been complied with.
(R-639-A General - Omit pool name)

RULE 17. The allowable revision for a well after workover or recompletion shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operators, or

(b) A date 15 days prior to the approval of Form C-104 by the Commission's office, (Box 2045, Hobbs, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work; if the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall be also filed in accordance with Rule XXXX 1106 of the Commission's Statewide Rules and Regulations).

Whichever date is later.
(R-639-A General)

REPORTING OF PRODUCTION

RULE 18. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Crosby-Devonian Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114, (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

(R-639-A General - Omit pool name)

EXHIBIT "A"

The horizontal limits of the Crosby-Devonian shall be as follows:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 28: All (from R-639)
Section 29: E/2 (from R-787)
Section 33: N/2 (from R-914)

IT IS FURTHER ORDERED, That the Commission retains jurisdiction of this case for such other and further order or orders in the premises as may become necessary in order to make spacing and other adjustments to protect correlative rights and further prevention of waste.

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

(R-639 Should be replaced by "Definitions" R-639-A)

DEFINITIONS.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the overlying gas pool and the producing zone of the underlying oil pool are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

(R-639-A General)

PROVIDED FURTHER, Gas-liquid ration tests shall be taken in accordance with the provisions of Rule 301 of the Commission Rules and Regulations. Said tests shall be taken on all oil and gas wells within the Crosby-Devonian Gas Pool or within one mile thereof during the month of March, 1957, and annually, thereafter as scheduled by the Commission.

(R-639-A General - Omit pool name. Rule 301 sets out manner and time of GOR testing)

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Paragraph (e) of Rule 104.

(R-639-A General. Para. e - Rule 104 states exact legal subdivision and designation of acreage)

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

(R-639-A General)

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

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

S E A L

R-639-B

HEREBY ORDERS:

That the above-styled cause be reopened and a rehearing ~~xxx~~ be held at 9:00 o'clock a.m. on February 14, 1957, at Mabry Hall, State Capitol, Santa Fe, New Mexico, at which time and place all interested parties may appear.

IT IS FURTHER ORDERED:

That the testimony on rehearing shall be limited to new evidence upon the issues raided in the petition for rehearing.

IT IS FURTHER ORDERED:

That Order R-639-A shall remain in full force and effect pending the issuance of any further order.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman
MURRAY E. MORGAN, Member
A. L. PORTER, Jr., Member & Secretary

S E A L
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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. 861
Order No. R-639

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION ON ITS
OWN MOTION FOR AN ORDER CREATING
AND DESIGNATING A NEW POOL TO BE
KNOWN AS THE CROSBY-DEVONIAN POOL
FOR THE PRODUCTION OF GAS FROM THE
DEVONIAN FORMATION, SUCH POOL TO
CONSIST OF ALL OF SECTION 28, TOWN-
SHIP 25 SOUTH, RANGE 37 EAST, NMPM,
LEA COUNTY, NEW MEXICO: AND FOR
THE ESTABLISHMENT OF POOL RULES,
DRILLING UNITS, WELL SPACING AND
OTHER RELATED MATTERS FOR SAID POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. March 16, 1955, and was continued to April 20, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 27th., day of May, 1955, the Commission, a quorum being present, having considered the record and testimony adduced, and being fully advised in the premises,

FINDS:

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

(2) That Anderson-Prichard Oil Corporation did complete its American Republics-Federal No. 1 discovery well in the NE/4 SW/4 of Section 28, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico on or about January 18, 1955.

(3) That said well potential 30,000 MCF of gas per day on an absolute open flow test from the Devonian formation in the depth interval of 8270 to 8390 feet.

(4) That said well discovered a new common source of supply in this area.

(5) That sufficient evidence was presented to the Commission as to the probable areal extent and directional trend of the newly discovered common source of supply to justify the creation of the new pool as contemplated.

(6) That in conformity with the practices of the Commission, a pool should be created, defined and classified including such acreage as appears to cover the newly discovered source of supply.

(7) That the probable areal extent of the common source of supply is limited, and as a result thereof a proration unit of more than 160 acres could cause the inclusion in units of acreage that cannot reasonably be assumed to be productive of gas.

(8) That one well will efficiently and economically drain at least 160 acres of the said common source of supply.

(9) That in order to provide for the orderly development of the common source of supply, and to prevent waste, drilling units of 160 acres, well-spacing regulations, and a casing program should be established for said common source of supply.

IT IS THEREFORE ORDERED:

(1) That the Crosby-Devonian Gas Pool is hereby created, and that said pool shall consist of the following described acreage:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
All of Section 28

(2) That effective on the date of this order, the following Rules and Regulations shall apply to wells hereafter drilled, completed, or recompleted to the Devonian formation in the Crosby-Devonian Gas Pool area, as defined above, in addition to the Commission's Applicable rules, regulations and orders heretofore or hereafter adopted, to the extent not to conflict herewith;

SPECIAL RULES AND REGULATIONS FOR
THE CROSBY - DEVONIAN POOL

SECTION 1. Any well drilled one mile or less from the outer horizontal boundary of the Crosby-Devonian Gas Pool, and drilled to the Devonian formation, shall be spaced, drilled, operated, and prorated in accordance with the rules and regulations in effect in the said Crosby-Devonian Gas Pool.

SECTION 2. No well shall be drilled, completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of not less than 160 acres of land, more or less, said acreage to be substantially in the form of a square conforming to a legal sub-division (quarter-section) of the U. S. Public Lands Survey, in which unit all the interests are consolidated by pooling agreement or otherwise, and on which unit no other well is completed or approved for completion in said pool.

(b) Such well shall be located not closer than 660 feet to any outer boundary line of the tract, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary, nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

(c) The pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of a uniform spacing plan, deprive or tend to deprive the owner of such tract of the opportunity to recover its just and equitable share of the natural gas in said pool, provided that the owner of any tract that is smaller than a drilling unit established for the pool shall not be deprived of the right to drill on and produce from such tract if same can be done without waste; but in such case the allowable production from such tract, as compared with the allowable production therefrom if such tract were a full 160-acre unit area shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of the standard 160-acre proration unit.

SECTION 3. The casing program for the field shall include three strings of casing set in accordance with the following plan:

(a) The surface string shall be new or reconditioned pipe with a mill test of not less than two thousand (2,000) pounds per square inch and shall be set and cemented at a depth of approximately five hundred (500) feet, such depth being sufficient to protect the fresh water bearing sands of the Santa Rosa Formation.

Cementing shall be by the pump-and-plug method, and sufficient cement shall be used to fill the annular space back of the pipe to the surface of the ground or

(a) (continued)

the bottom of the cellar. Cement shall stand a minimum of sixteen (16) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating pressure tests. Before drilling the plug, this string shall be tested by the application of at least one thousand (1,000) pounds per square inch and, if at the end of thirty (30) minutes the pressure shows a drop of one hundred fifty (150) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

(b) The intermediate string shall consist of new or reconditioned pipe that has been tested to two thousand (2,000) pounds per square inch and shall be set at approximately thirty-six hundred (3,600) feet. Cementing shall be by the pump-and-plug method, and sufficient cement shall be used to fill the calculated annular space back of the pipe to a point one hundred (100) feet above the top of the Salado formation. The cement shall stand a minimum of twenty-four (24) hours under pressure and a total of thirty (30) hours before drilling plug or initiating tests. Casing shall be tested by the application of at least twelve hundred (1200) pounds per square inch pump pressure. If, at the end of thirty (30) minutes, the pump pressure shows a drop of one hundred (100) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

(c) The producing or oil string shall be new or reconditioned casing that has been tested to four thousand (4,000) pounds per square inch and shall be set at a depth not less than the top of the Devonian formation. Cementing shall be with a minimum of three hundred fifty (350) sacks of cement applied by the pump and plug method and shall stand a minimum of twenty four (24) hours under pressure and a total of forty eight (48) hours before drilling the plug or initiating tests. After cementing, the casing shall be tested by pump pressure of at least fifteen hundred (1,500) pounds per square inch for a period of at least thirty (30) minutes. If, at the end of 30 minutes the pressure shows a drop of one hundred (100) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

SECTION 4. All additional lands located within one mile of any land in the pool defined above or as it may be extended shall conform to these Rules and Regulations; provided, that by order of the Commission the pool may be redesignated from time to time so as to embrace other lands in the vicinity which are believed to be capable of production from the Devonian formation, whether or not such land shall have been at one time included in another designated field or pool.

IT IS FURTHER ORDERED, That the Commission retains jurisdiction of this case for such other and further order or orders in the premises as may become necessary in order to make spacing and other adjustments to protect correlative rights and further prevention of waste.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member & Secretary

S E A L

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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. 861
Order No. R-639-A

APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR AN ORDER
PROMULGATING POOL RULES AND
INSTITUTING GAS PRORATIONING FOR
THE CROSBY DEVONIAN GAS POOL IN
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 13, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 28th. day of December, 1956, the Commission, a quorum being present, having considered the record and testimony adduced, and being fully advised in the premises,

FINDS:

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

(2) That Anderson-Prichard Oil Corporation did complete its American Republics-Federal No. 1 discovery well in the NE/4 SW/4 of Section 28, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico on or about January 18, 1955.

(3) That said well potentialed 30,000 MCF of gas per day on an absolute open flow test from the Devonian formation in the depth interval of 8270 to 8390 feet.

(4) That said well discovered a new common source of supply in this area.

(5) That under date of May 27, 1955, the Commission issued its Order No. R-639 creating the Crosby-Devonian Pool. That Order R-789 and R-914 has extended the horizontal limits of the Crosby-Devonian gas pool.

(6) That the pool has already been developed to the extent that a 640-acre drilling and proration unit could not now be formed within the probable productive limits of the pool as evidenced by siesmic surveys and geological information taken from existing wells.

(7) That the probable areal extent of the common source of supply is limited, and as a result thereof a proration unit of more than 160 acres could cause the inclusion in units of acreage that cannot reasonably be assumed to be productive of gas.

(8) That one well will will efficiently and economically drain 160 acres of the said common source of supply.

(9) That in order to provide for the orderly development of the common source of supply, and to prevent waste, drilling units of 160 acres, well-spacing regulations, a casing program and the allocation and proration of gas production should be established for said common source of supply.

(10) That the producing capacity of the gas wells in the Crosby-Devonian Gas Pool is greater than the market demand for gas from such pool and the pool should therefore be prorated.

(11) That a proration formula based on 100% acreage would provide a just and equitable allocation of the gas from the Crosby Devonian gas pool, and that nothing further would be accomplished by the incorporation of a pressure factor in the proration formula.

(12) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.

IT IS THEREFORE ORDERED:

(1) That Order R-639, Order 787 and R-914 be and the same are hereby superseded.

(2) That the horizontal limits of the Crosby-Devonian Gas Pool shall be the area as described in Exhibit "A" attached hereto and made a part hereof. That the vertical limits shall include all the formations that can reasonably be considered to be of Devonian age.

(3) That no gas, either dry gas or casinghead gas shall be flared or vented in the Crosby-Devonian gas pool unless specifically authorized by order of the Commission after notice and hearing.

(4) That within 15 days after the date of this order, operators of all wells in the Crosby-Devonian gas pool shall comply with the provisions of Rule 1107, pertaining to Form C-104; Rule 1109, pertaining to Form C-110; and Rule 1127, pertaining to Form C-128; of the Commission Rules and Regulations.

CASING PROGRAM REQUIREMENTS:

RULE 1. The casing program for the field shall include three strings of casing set in accordance with the following plan:

(a) The surface string shall be new or reconditioned pipe with a mill test of not less than two thousand (2,000) pounds per square inch and shall be set and cemented at a depth of approximately five hundred (500) feet, such depth being sufficient to protect the fresh water bearing sands of the Santa Rosa formation.

Cementing shall be by the pump-and-plug method, and sufficient cement shall be used to fill the annular space back of the pipe to the surface of the ground or the bottom of the cellar. Cement shall stand a minimum of sixteen (16) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating pressure tests. Before drilling the plug, this string shall be tested by the application of at least one thousand (1,000) pounds per square inch and, if at the end of thirty (30) minutes the pressure shows a drop of one hundred fifty (150) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

(b) The intermediate string shall consist of new or reconditioned pipe that has been tested to two thousand (2,000) pounds per square inch and shall be set at approximately thirty-six hundred (3,600) feet. Cementing shall be by the pump-and-plug method, and sufficient cement shall be used to fill the calculated annular space back of the pipe to a point one hundred (100) feet above the top of the Salado formation. The cement shall stand a minimum of twenty-four (24) hours under pressure and a total of thirty (30) hours before drilling plug or initiating tests. Casing shall be tested by the application of at least twelve hundred (1200) pounds per square inch pump pressure. If, at the end of thirty (30) minutes, the pump pressure shows a drop of one hundred (100) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

(c) The producing or oil string shall be new or reconditioned casing that has been tested to four thousand (4,000) pounds per square inch and shall be set at a depth not less than the top of the Devonian formation. Cementing shall

be with a minimum of three hundred fifty (350) sacks of cement applied by the pump and plug method and shall stand a minimum of twenty four (24) hours under pressure and a total of forty eight (48) hours before drilling the plug or initiating tests. After cementing, the casing shall be tested by pump pressure of at least fifteen hundred (1,500) pounds per square inch for a period of at least thirty (30) minutes. If, at the end of 30 minutes the pressure shows a drop of one hundred (100) pounds per square inch or more, the cementing job shall be condemned. After corrective measures have been taken, the pipe shall again be tested in the same manner.

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING AND PRORATION UNITS.

RULE 2. Any gas well drilled to the Devonian formation within one mile of the horizontal limits of the Crosby-Devonian Gas Pool shall be spaced, drilled, operated, and prorated in accordance with the rules and regulations in effect in the said Crosby-Devonian Gas Pool.

RULE 3. No well shall be drilled, completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of 160 acres of land, more or less, said acreage to be substantially in the form of a square conforming to a legal sub-division (quarter-section) of the U. S. Public Lands Survey, in which unit all the interests are consolidated by pooling agreement or otherwise, and on which unit no other well is completed or approved for completion in the pool.

(b) Such well shall be located not closer than 660 feet from any outer boundary line of the tract, nor closer than 330 feet from any quarter-quarter section or sub-division inner boundary, nor closer than 1320 feet from a well drilling to or capable of producing from the pool.

(c) The Secretary of the Commission shall have authority to grant an exception to the well location requirements of sub-paragraph (b) above without notice and hearing where application has been filed in due form and

1. The necessity for the unorthodox location is based on topographical conditions, and

2. (a) The ownership of all oil and gas leases within a radius of 660 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, or

(b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

(c) In lieu of sub-paragraph 2 (a) and (b) of this rule the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to drill an unorthodox location. The Secretary-Director of the Commission may approve the application if, after a period of twenty days following the mailing of said notice, no operator has made objection to the drilling of the unorthodox location.

RULE 4. The provisions of Paragraph (k) of Commission Rule 104 shall not apply to the Crosby-Devonian Gas Pool located in Lea County, New Mexico.

RULE 5. The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Crosby-Devonian Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio that the area of such non-standard proration unit bears to 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

DETERMINING POOL ALLOWABLE.

RULE 6. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Crosby-Devonian Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on Commission Form C-121-A.

RULE 7. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nominations," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Crosby-Devonian Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The total allowable to be allocated to the pool each month shall be equal to the preliminary or supplemental nominations (whichever is applicable) together with any adjustments which the Commission deems advisable.

DETERMINING WELL ALLOWABLES.

RULE 8. The Commission after determining the market demand for the pool, as set out in Rules 6 and 7, above, shall determine a monthly allowable for each well in the pool which is entitled to an allowable in accordance with the following procedure:

(a) Each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

(b) The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding 6 months gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

(d) The Commission may assign minimum allowables to prevent the premature abandonment of wells.

CLASSIFICATION OF WELLS.

RULE 9. (a) Effective January 1, 1958, and at the beginning of each subsequent gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified.

However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

(b) A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to producing ability indicates that the well is improperly classified.

(c) A marginal well shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled.

(d) The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

(e) If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

(f) All wells not classified as marginal wells shall be non-marginal wells.

BALANCING OF PRODUCTION.

RULE 10. The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods.

However, the first proration period for the Crosby-Devonian gas pool shall begin April 1, 1957 at 7:00 a.m., and shall continue until January 1, 1958 at 7:00 a.m.

RULE 11. Underproduction: Any non-marginal well which has an underproduced status at 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.

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 under-production carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 12. Overproduction: Any well which has an overproduced status at the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during the current month.

Allowable assigned to a well during any one month of a gas proration period in excess of the production for such month shall be applied against any overproduction carried into such period in determining the amount of overproduction, if any, which has not been made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

RULE 13. Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof, shall be applied against the overproduction carried into said proration period.

CONTENTS OF GAS PRORATION SCHEDULE.

RULE 14. (a) The Commission shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each non-marginal well on the schedule.

(b) The Commission shall include in the proration schedule the gas wells in the Crosby-Devonian Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the said gas pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

GRANTING OF ALLOWABLES.

RULE 15. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with Form C-128 showing acreage attributed to said well and the locations of all wells on the lease.

RULE 16. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and Form C-128 or the approval of a non-standard proration unit or filing of an affidavit of communitization, whichever date is the later.

The date of first allowable for all gas wells which are within the Crosby-Devonian Gas Pool or within one mile thereof shall be April 1, 1957, provided the provisions of this rule and Rule 11 have been complied with.

RULE 17. The allowable revision for a well after workover or recompletion shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operators, or

(b) A date 15 days prior to the approval of Form C-104 by the Commission's office, (Box 2045, Hobbs, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work; if the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall be also filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations).

Whichever date is later.

REPORTING OF PRODUCTION.

RULE 18. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Crosby-Devonian Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114, (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the overlying gas pool and the producing zone of the underlying oil pool are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

PROVIDED FURTHER, Gas-liquid ratio tests shall be taken in accordance with the provisions of Rule 301 of the Commission Rules and Regulations. Said tests shall be taken on all oil and gas wells within the Crosby-Devonian Gas Pool or within one mile thereof during the month of March, 1957, and annually, thereafter as scheduled by the Commission.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Paragraph (e) of Rule 104.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

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

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EXHIBIT "A"

The horizontal limits of the Crosby-Devonian shall be as follows:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 28: All (from R-639)
Section 29: E/2 (from R-787)
Section 33: N/2 (from R-914)

Blenkby Coal

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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 PURPOSEOF CONSIDERING:

CASE NO. 684
Order No. R-464

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS OWN
MOTION FOR AN ORDER: (1) OUTLINING THE
PROCEDURE TO BE FOLLOWED IN THE STAGE
SEPARATION OF GAS AND DISTILLATE IN THE
TUBB AND BLINEBRY GAS POOLS; (2) OUTLINING
THE METERING REQUIREMENTS OF GAS PRODUCED
FROM THE TUBB AND BLINEBRY GAS POOLS; AND
(3) CLARIFYING AND REVISING THE VERTICAL
LIMITS OF THE TUBB AND BLINEBRY GAS POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on March 17, 1954, and on April 15, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 27th day of May, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That the vertical limits of the Tubb and Blinebry Gas Pools should be defined as hereinafter stated.

(3) That the rules hereinafter set forth requireing the stage separation of gas and distillate produced by wells producing from the Tubb and Blinebry Gas Pools should be promulgated.

(4) That said rules will tend to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the vertical limits of the Blinebry Gas Pool shall extend from a point 75 feet above the "Blinebry Marker" to a point 300 feet below the "Blinebry Marker."

(2) That the vertical limits of the Tubb Gas Pool shall extend from a point 100 feet above the "Tubb Marker" to a point 225 feet below the "Tubb Marker."

not expanded.

(3) That the "Blinebry Marker" shall be that point encountered in the Humble Oil and Refining Company State 'S' Well No. 20 SW/4 NW/4 Section 2, Township 22 South, Range 37 East, NMPM., at a depth of 5457 feet (Elev. 3380, Subsea Datum Minus 2077).

(4) That the "Tubb Marker" shall be that point encountered in the Humble Oil and Refining Company State 'S' Well No. 20 at a depth of 5921 feet (Elev. 3380, Subsea Datum Minus 2541).

not expanded.

(5) That the following rules shall apply to all producing wells in the Tubb or Blinebry Gas Pools:

RULE 1: Gas produced from each well shall be produced into a separate high-pressure separator. The high-pressure gas shall then be metered separately prior to its entering a gas transportation facility.

RULE 2: The distillate separated from the high-pressure gas in the high-pressure separator shall then be directed into a low-pressure separator. The distillate may be commingled with other distillate produced by any other well or wells producing from the Tubb or Blinebry Gas Pools following its separation from the high-pressure gas in the high-pressure separator, provided gas-distillate test facilities are available and periodic tests are made.

Following the separation of distillate and low-pressure gas in the low-pressure separator, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from other low-pressure gas produced on the lease, provided that certain test facilities are available and certain periodic tests made.

RULE 3: Each year during the months of June and July each operator of each gas well producing from the Tubb or Blinebry Gas Pools shall cause to be taken an annual gas-distillate ratio test. The results of such test shall be submitted to the Commission office (P. O. Box 2045, Hobbs, New Mexico) on or before August 15 following the test. The test shall outline the amount of high-pressure gas produced during the 24-hour test period, the amount of distillate produced during the test period, the amount of low-pressure gas produced during the test period, the high-pressure gas-distillate ratio, and the low-pressure gas-distillate ratio. Failure to submit the required test by August 15 shall result in suspension of any further gas allowable until the date the required information is submitted.

RULE 4: In submitting Form C-115 (Operator's Monthly Report) on wells producing from the Tubb and Blinebry zone in which distillate is commingled and/or the low-pressure gas is commingled with other low-pressure gas produced on the lease, the operator shall estimate if necessary the volumes produced by each well in each pool by using the ratios as reflected in the most recent tests submitted.

RULE 5: The Secretary-Director of the Commission shall have authority to grant exception to the provisions set forth in Rule 1 through Rule 4, incl., where it can be shown that compliance with these rules is not economic or is impractical. Applications for exception shall be submitted in triplicate to the Oil Conservation Commission, P. O. Box 871, Santa Fe, New Mexico, with a copy of each application being furnished offset operators.

RULE 6: That low-pressure gas produced by gas wells in the Tubb or Blinebry Gas Pools shall not be charged to the gas allowable allocated to any well.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

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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. 727
Order No. R-610

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION ON
ITS OWN MOTION FOR AN ORDER
AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF
THE OIL CONSERVATION COMMISSION,
AND/OR PROMULGATING RULES AND
REGULATIONS RELATING TO GAS POOL
DELINEATION, GAS PRORATION AND
OTHER RELATED MATTERS AFFECTING
OR CONCERNING THE BLINEBRY GAS
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 16, 1954, and was successively continued to October 20, 1954, at which time it came on for final hearing at Hobbs, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 11th. ,day of April, 1955, the Commission, a quorum being present, having considered the record and the testimony entered at said hearing, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under date of February 17, 1953, the Commission did issue its Order No. R-264 creating the Blinebry Gas Pool. That Order R-264, as amended by Order R-264-A, as further amended by Order R-464, did define the vertical and horizontal limits of the Blinebry Gas Pool and that by subsequent orders, the Commission extended the horizontal limits of the Blinebry Gas Pool.

(3) That under date of September 28, 1953, the Commission issued Order R-372 and under date of November 10, 1953, the Commission issued Order 372-A, which orders provided rules, definitions and procedures to be followed in prorating gas in the Blinebry Gas Pool; and by subsequent orders issued after due notice and hearing, the Commission did allocate the production of gas in said pool commencing January 1, 1954.

(4) That the producing capacity of gas wells in the Blinebry Gas Pool is in excess of the market demand for gas produced from said pool.

(5) That, in order to prevent waste, it is necessary to allocate and prorate the production of gas among the gas wells in the Blinebry Gas Pool in accordance with the provisions of this order.

(6) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h), Chapter 168, New Mexico Session Laws of 1949, require that the production of gas be prorated in accordance with the terms and provisions of this order.

(7) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of allowable production among the gas wells in the Blinebry Gas Pool on a reasonable basis and give appropriate recognition to correlative rights.

(8) That the production of oil from the Blinebry Oil Pool is a salvage operation and should be administered as such.

(9) That the horizontal limits of the Blinebry Gas Pool, the Blinebry Oil Pool and the Terry-Blinebry Oil Pool should be redefined as set forth in Exhibits "A", "B" and "C", attached hereto and made a part hereof.

(10) That the vertical limits of the Blinebry Gas Pool should be defined as set out in Commission Order R-464 and as hereinafter repeated.

(11) That one gas well in the Blinebry Gas Pool will effectively and efficiently drain an area of 160 acres. Due to the complex nature of the Blinebry Gas and associated reservoirs, gas proration units in excess of 160 acres should not be permitted pending further reservoir information.

(12) That, in order to prevent waste, a "no-flare" rule should be adopted to prohibit the flaring, venting or otherwise wasting of casinghead gas or any other type of gas produced in the Blinebry Gas Pool, the Blinebry Oil Pool or the Terry-Blinebry Oil Pool.

(13) That semi-annual bottom-hole pressure surveys should be conducted in portions of the Blinebry Gas Pool and in the entire Terry-Blinebry Oil Pool to ascertain the pressure differential which exists between that portion of the common source of supply known to contain dry gas and the rim of the reservoir which is known

to contain a commercial accumulation of oil.

(14) That, in order to classify wells in the Blinebry Gas Pool and the Blinebry Oil Pool, semi-annual gas-liquid ratio tests and semi-annual determinations of the gravity of that liquid hydrocarbon produced from wells in said pools should be conducted in the Blinebry Oil Pool and the Blinebry Gas Pool.

(15) That, in the interests of conservation, the special rules hereinafter set forth governing the production of gas from the Blinebry Gas Pool and the production of oil from the Blinebry Oil Pool and the Terry-Blinebry Oil Pool should be adopted.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Blinebry Gas Pool, the Blinebry Oil Pool and the Terry-Blinebry Oil Pool shall be the areas described in Exhibits "A", "B" and "C", attached hereto and made a part hereof.

(2) That the vertical limits of the Blinebry Gas Pool and the Blinebry Oil Pool shall extend from a point 75 feet above the "Blinebry Marker" to a point 300 feet below the "Blinebry Marker".

(3) That special pool rules applicable to the Blinebry Gas Pool should be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE BLINEBRY GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

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

RULE 2: Each well drilled or recompleted within the Blinebry Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Blinebry Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3: The Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320-foot radius of the subject well a copy of the application to the Commission. Applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operator. In the event an operator objects to the unorthodox location, the Commission shall consider the matter only after proper notice and hearing.

RULE 4: The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Blinebry Gas Pool located in Lea County, New Mexico.

Gas Proration:

RULE 5: (A) That acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Blinebry Gas Pool, a standard proration unit shall consist of between 158 and 162 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Survey; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (B) of this Rule.

(B) The Director of the Commission shall have authority to establish a non-standard gas proration unit by administrative action (without notice and hearing) where application has been filed in due form and where the following facts exist and the following provisions are complied with, without exception.

1. The non-standard proration unit will consist of contiguous quarter-quarter sections and/or lots, with a common side between any two adjacent quarter-quarter sections and/or lots.

2. The non-standard proration unit will lie wholly within a single governmental quarter section.

3. The entire non-standard proration unit may be reasonably assumed to be productive of gas from the Blinebry Gas Pool.

4. The length or width of the non-standard gas proration unit will not exceed 2640 feet.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the quarter section in which the non-standard gas proration unit is to be situated, which interest is not included in the proposed non-standard gas proration unit.

(b) All operators owning interests within 1500 feet of the well to which such non-standard gas proration unit is to be dedicated.

6. In lieu of the provisions of subparagraph 5 under Paragraph (B) of this rule, applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Director of the Commission may approve such application for administrative approval of a non-standard gas proration unit if, after a period of 30 days following the mailing of said notice, no operator has entered an objection to the formation of such non-standard gas proration unit.

(C) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio the area of such non-standard proration unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

RULE 6: Acreage dedicated to a gas well in the Blinebry Gas Pool shall not be simultaneously dedicated to an oil well in the Blinebry Oil Pool.

RULE 7: In the event an oil well in the Blinebry Oil Pool is reclassified as a gas well in the Blinebry Gas Pool, the operator of such well will be afforded the opportunity to form a non-standard proration unit for the well; provided, however, that until such unit is formed, such well shall be allocated a gas allowable commensurate with the acreage contained in the unit formerly dedicated to the oil well in the Blinebry Oil Pool.

RULE 8: In the event such reclassification should cause the occurrence of two gas wells producing from the Blinebry Gas Pool within a single proration unit, the sum total of the allowables allocated to the two wells shall be equivalent to that volume of gas allocated to a single proration unit; provided, however, that the operator of such wells shall have the option to determine the proportion of the assigned allowable to be produced by each individual well.

RULE 9: The dual completion of a well so as to produce gas from the Blinebry Gas Pool and oil from the Blinebry Oil Pool is hereby prohibited.

RULE 10: (a) The Commission after notice and hearing shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production of gas from the Blinebry Gas Pool.

(b) The allowable assigned any well capable of producing its normal gas allowable shall be the same proportion of the total remaining allowable allocated to said pool, after deducting allowables of marginal wells, that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Blinebry Gas Pool.

RULE 11: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Blinebry Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 12: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental" nomination showing the amount of gas the purchaser in good faith actually desires to purchase during the ensuing proration month from the Blinebry Gas Pool. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be:

(a) A summary of the total pool allocation for that month showing nominations and adjustments made for underage or overage applied from a previous month.

(b) A tabulation of the net allowable and production for the second preceding month, together with a cumulative overage or underage computation.

(c) A tabulation of the current and net allowables for the preceding month.

(d) A tabulation of current monthly allowables for the ensuing proration month.

(e) A tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purposes of allocation, a proration unit of 160 acres shall be assigned an acreage factor of 1.00; a proration unit of 80 acres a factor of 0.50, etc.

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Blinebry Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

Balancing of Production:

RULE 13: Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 14: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction, and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut-in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Granting of Allowables

RULE 15: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 16: Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

Reporting of Production

RULE 17: The monthly gas production from each 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 gas produced.

Each purchaser or taker of gas in the Blinebry Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable. The production of intermediate or low-pressure gas derived from the staging of the well fluids need not be charged against the well's gas allowable, provided that said intermediate or low-pressure gas is utilized in accordance with the provisions of Order R-464.

RULE 18: A gas well in the Blinebry Gas Pool shall mean a well producing from within the vertical and horizontal limits of the Blinebry Gas Pool which:

(a) Produces liquid hydrocarbons possessing a gravity greater than 51° API, or,

(b) Produces liquid hydrocarbons possessing a gravity of less than 51° API, but with a producing gas-liquid ratio in excess of 32,000 cubic feet of gas per barrel of liquid hydrocarbon.

RULE 19: A well producing from within the horizontal and vertical limits of the Blinebry Gas Pool and not classified as a gas well as defined in Rule 18, shall be classified as an oil well in the Blinebry Oil Pool.

RULE 20: Any well drilled and completed in good faith prior to the effective date of this order, which well is situated within the horizontal boundaries of the Blinebry Gas Pool as herein defined but which produces gas from a depth interval exceeding the vertical limits of the Blinebry Gas Pool as herein defined, is hereby validated and shall be classified as a gas well in the Blinebry Gas Pool, provided that said well conforms to the definition of a gas well in said pool as set out in Rule 18 of this section of this order, and provided that the well is classified as a gas well in the Blinebry Gas Pool under the rules, regulations and orders in effect on the day immediately preceding the effective date of this order.

RULE 21: The term "gas purchaser", as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where a connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of the "taker" to submit a nomination as provided in Rules 11 and 12.

RULE 22: The Proration Manager may reclassify a well under Rules 18 or 19 if production data, gas-oil ratio tests or other evidence reflects the need for such reclassification.

For proration purposes, the effective date of such reclassification shall be the first day of the next succeeding six months gas proration period.

The Proration Manager will notify the operator of the reclassified well of such reclassification and the effective date thereof; provided, however, that operator may appeal such reclassification to the Director of the Commission in writing.

RULE 23: No gas, either dry gas or casinghead gas, shall be flared, vented or otherwise wasted in the Blinebry Gas Pool at any time after ninety (90) days dating from May 1, 1955, or ninety (90) days from the date of completion of a well in said pool, whichever is the later.

Any operator desiring to obtain an exception to the foregoing provision of this rule shall submit to the Director of the Commission an application for such exception accompanied by a sworn statement setting forth the facts and circumstances which justify such exception. The Director is hereby authorized to grant such exception when the granting of such is necessary to protect correlative rights, prevent waste, or to prevent undue hardship on the applicant. The Director shall (a) grant the exception within 15 days following receipt of the application and statement, or (b) set the application for hearing before the Commission at a regularly scheduled

monthly hearing; provided, however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Public notice of the hearing of the application shall be published in the manner provided by law.

Should the Director grant an exception to the provision of Rule 23, notification of such exception shall be distributed to the Commission's regular mailing list.

RULE 24: Bottom-hole pressure tests will be conducted semi-annually during the months of May and October on all gas wells located to the north of an east-west line coinciding with the north lines of Sections 21, 22, 23 and 24, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico; such wells to be producing from within the vertical and horizontal boundaries of the Blinebry Gas Pool and classified as gas wells under the rules contained in this order. Results of such tests will be reported to the Commission on Form C-124 on or before the 25th day of June and the 25th day of November of each calendar year.

All bottom-hole pressure tests, except tests on dually completed wells producing from the Blinebry Gas Pool, will be conducted in accordance with Rule 302 of the Rules of the Commission. Shut-in period will be 48 hours, datum elevation will be 2400 feet subsea, (-2400), and base temperature will be 100 degrees Fahrenheit.

Bottom-hole pressures on dually completed wells producing gas from the Blinebry Gas Pool may be calculated from a 72-hour shut-in pressure at the wellhead, provided that an accurate determination of the fluid level in the hole is made employing sonic or other methods of equivalent accuracy. The gravity of the fluid in the hole shall be that gravity determined by averaging the gravities of those fluids produced on official test in the Blinebry Gas Pool during the regular semi-annual gas-liquid ratio and gravity testing period next preceding the subject bottom-hole pressure test period. The gravity to be employed in the calculation of bottom-hole pressures during a particular testing period shall be determined by the Commission. All interested operators shall be duly notified of such determination by the Commission.

RULE 25: Gas-liquid ratio tests and determinations of the gravity of that liquid hydrocarbon recovered from wells in the Blinebry Gas Pool shall be conducted semi-annually during the months of May and October on all wells located in and producing from the Blinebry Gas Pool. Results of such tests will be reported to the Commission on Form C-116 on or before the 15th day of June and the 15th day of November of each calendar year.

RULE 26: At no time will the horizontal boundaries of the Blinebry Gas Pool conflict with or overlap the horizontal boundaries of the Terry-Blinebry Oil Pool.

RULE 27: The horizontal limits of the Blinebry Gas Pool shall be those limits set forth in Exhibit "A" attached hereto and made a part hereof.

PROVIDED FURTHER, That special pool rules applicable to the Blinebry Oil Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES FOR THE BLINEBRY OIL POOL

RULE 1: No gas, either dry gas or casinghead gas, shall be flared, vented or otherwise wasted in the Blinebry Oil Pool at any time after ninety (90) days dating from May 1, 1955, or ninety (90) days from the date of completion of a well in said pool, whichever is the later.

Any operator desiring to obtain an exception to the foregoing provision of this rule shall submit to the Director of the Commission an application for such exception accompanied by a sworn statement setting forth the facts and circumstances which justify such exception. The Director is hereby authorized to grant such exception when the granting of such is necessary to protect correlative rights, prevent waste, or prevent undue hardship on the applicant.

The Director shall (a) grant the exception within 15 days following receipt of the application and statement, or (b) set the application for hearing before the Commission at a regularly scheduled monthly hearing; provided, however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Public notice of the hearing of the application shall be published in the manner provided by law.

Should the Director grant an exception to the provisions of Rule 1, notification of such exception shall be distributed to the Commission's regular mailing list.

RULE 2: An oil well in the Blinebry Oil Pool shall mean a well producing from within the vertical and horizontal limits of the Blinebry Oil Pool which:

(a) Produces liquid hydrocarbons possessing a gravity of less than 51° API, or,

(b) Produces liquid hydrocarbons possessing a gravity of greater than 51° API, but with a producing gas-liquid ratio not exceeding 32,000 cubic feet of gas per barrel of liquid hydrocarbon.

RULE 3: A well producing from within the vertical and horizontal limits of the Blinebry Oil Pool, and not classified as an oil well under 2, shall be classified as a gas well in the Blinebry Gas Pool.

RULE 4: The Proration Manager may reclassify a well under Rules 2 and 3 when production data, gas-oil ratio tests or other evidence reflects the need for such reclassification.

For proration purposes, the effective date of such reclassification shall be the first day of the next succeeding six-months gas proration period.

The Proration Manager shall notify the operator of the reclassified well of such reclassification and the effective date thereof; provided, however, that the operator of a reclassified well may appeal such reclassification to the Secretary-Director of the Commission in writing.

RULE 5: The limiting gas-oil ratio for oil wells in the Blinebry Oil Pool shall be 6,000 cubic feet of gas per barrel of oil. The provision of this rule shall become effective on May 1, 1955.

RULE 6: Acreage dedicated to an oil well producing from the Blinebry Oil Pool shall not be simultaneously dedicated to a gas well producing from the Blinebry Gas Pool.

RULE 7: The dual completion of a well to produce oil from the Blinebry Oil Pool and gas from the Blinebry Gas Pool is hereby prohibited.

RULE 8: The dual completion of a well to cause said well to be classified as an oil well in the Blinebry Oil Pool and an oil well in any other oil or gas pool as designated by the Commission is hereby prohibited.

RULE 9: Gas-liquid ratio tests and determinations of the gravity of that liquid hydrocarbon recovered from wells in the Blinebry Oil Pool shall be conducted semi-annually during the months of May and October on all wells located in and producing from the Blinebry Oil Pool. Results of such tests shall be submitted to the Commission on Form C-116, on or before the 15th day of June and the 15th day of November of each calendar year.

RULE 10: In the event an oil well in the Blinebry Oil Pool shall be reclassified as a gas well in the Blinebry Gas Pool, operator of such a well shall be afforded the opportunity to form a standard or non-standard gas proration unit for such well under the rules applicable to the Blinebry Gas Pool; provided, however, that until such unit is formed, such well shall be allocated a gas allowable commensurate with the acreage contained in the proration unit formerly dedicated to the oil well in the Blinebry Oil Pool.

RULE 11: The horizontal limits of the Blinebry Oil Pool shall be those limits set forth in Exhibit "B" attached hereto and made a part hereof.

PROVIDED FURTHER, That special rules applicable to the Terry-Blinebry Oil Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES FOR THE TERRY-BLINEBRY OIL POOL

RULE 1: At no time will the horizontal boundaries of the Terry-Blinebry Oil Pool conflict with or overlap the horizontal boundaries of the Blinebry Gas Pool.

RULE 2: No gas, either dry gas or casinghead gas, shall be flared, vented or otherwise wasted in the Terry-Blinebry Oil Pool at any time after ninety days (90) dating from May 1, 1955, or ninety (90) days from the date of completion of a well in the said pool, whichever is the later.

Any operator desiring to obtain an exception to the foregoing provision of this rule shall submit to the Director of the Commission an application for such exception accompanied by a sworn statement setting forth the facts and circumstances which justify such exception. The Director is hereby authorized to grant such exception when the granting of such is necessary to protect correlative rights, prevent waste, or prevent undue hardship on the applicant.

The Director shall (a) grant the exception within 15 days following receipt of the application and statement, or (b) set the application for hearing before the Commission at a regularly scheduled monthly hearing; provided, however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Public notice of the hearing of the application shall be published in the manner provided by law.

Should the Director grant an exception to the provisions of Rule 2, notification of such exception shall be distributed to the Commission's regular mailing list.

RULE 3: Bottom-hole pressure tests shall be conducted semi-annually during the months of May and October on all flowing oil wells producing from within the limits of the Terry-Blinebry Oil Pool. Results of such tests shall be reported to the Commission on Form C-124 on or before the 25th day of June and the 25th day of November of each calendar year.

Bottom-hole pressure tests will be conducted in accordance with Rule 302 of the Rules of the Commission. Shut-in time will be 48 hours; datum elevation will be 2400 feet subsea (-2400), and base temperature will be 100 degrees Fahrenheit.

RULE 4: The limiting gas-oil ratio for oil wells in the Terry-Blinebry Oil Pool shall be 6,000 cubic feet of gas per barrel of oil. The provision of this rule shall become effective on May 1, 1955.

RULE 5: The dual completion of a well to cause said well to be classified as an oil well in the Terry-Blinebry Oil Pool and an oil well in any other oil or gas pool as designated by the Commission is hereby prohibited.

RULE 6: The horizontal limits of the Terry-Blinebry Oil Pool shall be those limits set forth in Exhibit "C" attached hereto and made a part hereof.

PROVIDED FURTHER, That for gas allocation purposes and assignment of allowables, the provisions of this order shall become effective on May 1, 1955, unless otherwise stated in this order.

It is recognized that many wells will be reclassified and reassigned as a result of the provisions of this order and that the time involved in the reclassification of wells may cause certain inequities; therefore, the Proration Manager is hereby directed to take such action as he deems advisable to prevent inequitable withdrawals.

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention To Drill or Recomplete", all operators shall strictly comply with the provisions of Commission Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That a hearing shall be held on November 16, 1955, at which time the Commission shall hear testimony and receive evidence and shall revise the rules set forth in this order in accordance with testimony and evidence presented at said hearing, if such be necessary.

EXHIBIT "A"

Horizontal Limits of Blinebry Gas Pool

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM	
Sec. 3:	Lots 13, 14, 15 and 16, S/2
Sec. 4:	Lots 1, 2, 7, 8, 9, 10, 15 and 16, S/2
Sec. 9:	All
Sec. 10:	All
Sec. 11:	SW/4
Sec. 14:	W/2
Sec. 15:	All
Sec. 16:	All
Sec. 21:	All
Sec. 22:	All
Sec. 23:	All
Sec. 26:	W/2
Sec. 27:	All
Sec. 28:	All
Sec. 33:	All
Sec. 34:	All
Sec. 35:	All
Sec. 36:	All
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM	
Sec. 1:	All
Sec. 2:	All
Sec. 3:	All
Sec. 4:	All
Sec. 9:	All

EXHIBIT "A" (continued)

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM (continued)	
Sec. 10:	All
Sec. 11:	All
Sec. 12:	All
Sec. 13:	All
Sec. 14:	All
Sec. 15:	All
Sec. 22:	All
Sec. 23:	All
Sec. 24:	All
Sec. 25:	All

EXHIBIT "B"

Horizontal Limits of Blinebry Oil Pool

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM	
Sec. 3:	Lots 13, 14, 15 and 16, S/2
Sec. 4:	Lots 1, 2, 7, 8, 9, 10, 15 and 16, S/2
Sec. 9:	All
Sec. 10:	All
Sec. 11:	SW/4
Sec. 14:	W/2
Sec. 15:	All
Sec. 16:	All
Sec. 21:	All
Sec. 22:	All
Sec. 23:	All
Sec. 26:	W/2
Sec. 27:	All
Sec. 28:	All
Sec. 33:	All
Sec. 34:	All
Sec. 35:	All
Sec. 36:	All

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM	
Sec. 1:	All
Sec. 2:	All
Sec. 3:	All
Sec. 4:	All
Sec. 9:	All
Sec. 10:	All
Sec. 11:	All

EXHIBIT "B" (continued)

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM	
Sec. 12:	All
Sec. 13:	All
Sec. 14:	All
Sec. 15:	All
Sec. 22:	All
Sec. 23:	All
Sec. 24:	All
Sec. 25:	All

EXHIBIT "C"

Horizontal Limits of Terry-Blinebry Oil Pool

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM	
Sec. 32:	SE/4
Sec. 33:	S/2
Sec. 34:	S/2

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM	
Sec. 1:	Lots 9, 10, 11, 12, 13, 14, 15 & 16, S/2
Sec. 2:	All
Sec. 3:	Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 & 12
Sec. 4:	Lots 3, 4, 5, 6, 11, 12, 13 and 14
Sec. 11:	N/2, SE/4
Sec. 12:	All
Sec. 13:	All
Sec. 14:	E/2
Sec. 24:	All
Sec. 25:	All
Sec. 26:	E/2

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

/ir

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE NEW MEXICO OIL
CONSERVATION COMMISSION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 727
Order No. R-610-A

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER AMENDING, REVISING OR ABROGATING EXISTING RULES AND REGULATIONS OF THE OIL CONSERVATION COMMISSION, AND/OR PROMULGATING RULES AND REGULATIONS RELATING TO GAS POOL DELINEATION, GAS PRORATION AND OTHER RELATED MATTERS AFFECTING OR CONCERNING THE BLINEBRY GAS POOL, LEA COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order R-610, dated April 11, 1955, does not define the horizontal limits of the Blinebry Gas Pool, the Blinebry Oil Pool and the Terry-Blinebry Oil Pool in a manner which indicates the true horizontal extent of these pools, the Commission

FINDS:

(1) That Exhibit "A", Exhibit "B" and Exhibit "C" of said order should be revised to redefine the horizontal limits of the Blinebry Gas Pool, the Blinebry Oil Pool and the Terry-Blinebry Oil Pool.

IT IS THEREFORE ORDERED:

That Order R-610, as the same appears in the records of the Commission, and the original of said order, be amended in the following respects and particulars:

(1) That Exhibit "A" of Order R-610, be changed to read as follows:

EXHIBIT "A"

Horizontal limits of Blinebry Gas Pool:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Sec. 3: Lots 13, 14, 15 and 16, S/2
Sec. 4: Lots 1, 2, 7, 8, 9, 10, 15 and 16, S/2
Sec. 9: All
Sec. 10: All
Sec. 11: SW/4
Sec. 14: W/2
Sec. 15: All
Sec. 16: All
Sec. 21: All

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM (continued)
Sec. 22: All
Sec. 23: All
Sec. 25: W/2
Sec. 26: All
Sec. 27: All
Sec. 28: All
Sec. 33: All
Sec. 34: All
Sec. 35: All
Sec. 36: All

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Sec. 1: All
Sec. 2: All
Sec. 3: All
Sec. 4: All
Sec. 9: All
Sec. 10: All
Sec. 11: All
Sec. 12: All
Sec. 13: All
Sec. 14: All
Sec. 15: All
Sec. 22: All
Sec. 23: All
Sec. 24: All
Sec. 25: All
Sec. 36: NE/4

Township 22 South, Range 38 East, NMPM
Sec. 7: W/2
Sec. 18: W/2
Sec. 19: All
Sec. 30: All
Sec. 31: All

Township 23 South, Range 38 East, NMPM
Sec. 6: N/2

(2) That Exhibit "B" of Order R-610, be changed to read as follows:

EXHIBIT "B"

Horizontal Limits of Blinebry Oil Pool:

Township 21 South, Range 37 East, NMPM
Sec. 3: Lots 13, 14, 15 and 16, S/2
Sec. 4: Lots 1, 2, 7, 8, 9, 10, 15 and 16, S/2
Sec. 9: All
Sec. 10: All
Sec. 11: SW/4
Sec. 14: W/2
Sec. 15: All
Sec. 16: All
Sec. 21: All
Sec. 22: All
Sec. 23: All
Sec. 25: W/2

Township 21 South, Range 37 East, NMPM (Continued)
Sec. 26: All
Sec. 27: All
Sec. 28: All
Sec. 33: All
Sec. 34: All
Sec. 35: All
Sec. 36: All

Township 22 South, Range 37 East, NMPM
Sec. 1: All
Sec. 2: All
Sec. 3: All
Sec. 4: All
Sec. 9: All
Sec. 10: All
Sec. 11: All
Sec. 12: All
Sec. 13: All
Sec. 14: All
Sec. 15: All
Sec. 22: All
Sec. 23: All
Sec. 24: All
Sec. 25: All
Sec. 36: NE/4

Township 22 South, Range 38 East, NMPM
Sec. 7: W/2
Sec. 18: W/2
Sec. 19: All
Sec. 30: All
Sec. 31: All

Township 23 South, Range 38 East, NMPM
Sec. 6: N/2

(3) That Exhibit "C" of Order R-610, be changed to read as follows:

EXHIBIT "C"

Horizontal Limits of Terry-Blinebry Oil Pool:

Township 20 South, Range 38 East, NMPM
Sec. 32: SE/4
Sec. 33: S/2
Sec. 34: S/2

Township 21 South, Range 37 East, NMPM
Sec. 1: Lots 9, 10, 11, 12, 13, 14, 15 and 16, S/2
Sec. 2: All
Sec. 3: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12
Sec. 4: Lots 3, 4, 5, 6, 11, 12, 13 and 14
Sec. 11: N/2, SE/4
Sec. 12: All
Sec. 13: All
Sec. 14: E/2
Sec. 24: All

IT IS FURTHER ORDERED:

That the corrections and changes set forth in this order be entered nunc pro tunc as of April 11, 1955, the date of said Order R-610.

DONE at Santa Fe, New Mexico, on this 27th day of May, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

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. 727
Order No. R-610-B

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION ON
ITS OWN MOTION FOR AN ORDER
AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF
THE OIL CONSERVATION COMMISSION,
AND/OR PROMULGATING RULES AND
REGULATIONS RELATING TO GAS POOL
DELINEATION, GAS PRORATION AND
OTHER RELATED MATTERS AFFECTING
OR CONCERNING THE BLINEBRY GAS POOL,
LEA COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order R-610, dated April 11, 1955, does not define a gas well in the Blinebry Gas Pool and an oil well in the Blinebry Oil Pool in a manner which clearly states the intent of the Commission, the Commission

FINDS:

(1) That Rule 18 of the Special Rules and Regulations for the Blinebry Gas Pool and Rule 2 of the Special Rules and Regulations for the Blinebry Oil Pool should be re-worked to eliminate the possibility of confusion resulting from a misinterpretation of these rules as presently stated in said order.

IT IS THEREFORE ORDERED:

That Order R-610, as the same appears in the records of the Commission, and the original of said order, be amended in the following respects and particulars:

(1) That Rule 18 of the Special Rules and Regulations for the Blinebry Gas Pool be stricken, and the following rule be substituted therefor:

RULE 18: A gas well in the Blinebry Gas Pool shall mean a well producing from within the vertical and horizontal limits of the Blinebry Gas Pool which:

(a) Produces liquid hydrocarbons possessing a gravity of 51° API, or greater, or,

(b) Produces liquid hydrocarbons possessing a gravity of less than 51° API, but with a producing gas-liquid hydrocarbon ratio of 32,000 cubic feet of gas or more, per barrel of liquid hydrocarbon.

(2) That Rule 2 of the Special Rules and Regulations for the Blinebry Oil Pool be stricken, and the following rule be substituted therefor:

RULE 2: An oil well in the Blinebry Oil Pool shall mean a well producing from within the vertical and horizontal limits of the Blinebry Oil Pool which:

(a) Produces liquid hydrocarbons possessing a gravity of less than 51° API, with a producing gas-liquid hydrocarbon ratio of less than 32,000 cubic feet of gas per barrel of liquid hydrocarbon.

IT IS FURTHER ORDERED:

That the corrections and changes set forth in this order be entered nunc pro tunc as of April 11, 1955, the date of said Order R-610.

DONE at Santa Fe, New Mexico, on this 13th. day of June, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

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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. 727
Order No. R-610-D

APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION AS
PROVIDED FOR IN ORDER R-610-C, TO
HEAR TESTIMONY AND RECEIVE EVIDENCE
REGARDING THE AMENDING, REVISING, OR
ABROGATING EXISTING RULES AND REGULATIONS
OF THE OIL CONSERVATION COMMISSION AND/OR
PROMULGATING RULES AND REGULATIONS RELATING
TO GAS POOL DELINEATION, GAS PRORATION,
AND OTHER RELATED MATTERS AFFECTING OR
CONCERNING THE BLINEBRY GAS POOL, BLINEBRY
OIL POOL, AND TERRY-BLINEBRY OIL POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 16, 1957, at Santa Fe, New Mexico, before the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 26th. day of February, 1957, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That the Commission has continued jurisdiction in this case, acquiring same at the initial hearing on June 16, 1954.

(2) That due notice of the time and place of hearing and the purpose thereof has been given as required by law.

(3) That no evidence was presented to justify revising the provisions of Order No. R-610, as amended by Orders R-610-A, R-610-B, and R-610-C.

IT IS THEREFORE ORDERED:

That Order R-610, as amended by Order R-610-A, R-610-B, and R-610-C, which constitutes the Special Rules and Regulations for the Blinebry Gas Pool, the Blinebry Oil Pool, and the Terry-Blinebry Oil Pool, be and the same hereby are continued in full force and effect until further order of the Commission.

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

Signed by: Edwin L. Mechem, Chairman; Murray E. Morgan, Member; A. L. Porter, Jr., Member & Secretary.
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That a hearing shall be held on November 13, 1956, at which time the Commission shall hear testimony and receive evidence and shall revise the rules set forth in this order in accordance with testimony and evidence received at said hearing if such be necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member & Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 727
Order R-610-C

THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION TO CONSIDER AN ORDER AMENDING, REVISING OR ABROGATING EXISTING RULES AND REGULATIONS OF THE OIL CONSERVATION COMMISSION, AND/OR PROMULGATING RULES AND REGULATIONS RELATING TO GAS-POOL DELINEATION, GAS PRORATION AND OTHER RELATED MATTERS AFFECTING OR CONCERNING THE BLINEBRY GAS POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 16, 1955, and again on December 14, 1955 at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW on this 9th day of January, 1956, the Commission, a quorum being present, haveing considred the records and testimony adduced and being fully advised in the premises,

FINDS:

(1) That the Commission has continued jurisdiction, acquiring same at the initial hearing on June 16, 1954.

(2) That due notice of the time and place of hearing and the purpose thereof has been given as required by law.

(3) That no evidence was presented to justify revising the provisions of Order No. R-610, as amended by Orders R-610-A and R-610-B.

IT IS THEREFORE ORDERED:

That order R-610, as amended by Order R-610-A and R-610-B, which constitutes the Special Rules and Regulations for the Blinebry Gas Pool, the Blinebry Oil Pool and the Terry-Blinebry Oil Pool, be and the same are continued in full force and effect until further order of the Commission.

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. 586
Order No. R-372-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves, and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-372 was duly entered by the Commission. Order R-372 adopted the general or "stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Blinebry Gas Pool, heretofore established. R-372 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Blinebry Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Blinebry Gas Pool, and should conform generally with the provisional special rules of Order R-372.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operator. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to

grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Blinebry Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Blinebry Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas

produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shutin until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the location of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit

furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED, that nothing in this order, or Order No. R-372, heretofore issued by the Commission, shall be construed as re-classifying any well, now prorated on the oil proration schedule, as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman
E. S. WALKER, Member
R. R. SPURRIER, Member & Sec.

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BLINEBRY GAS POOL RULES

IT IS THEREFORE ORDERED:

R-640 (1) That the horizontal limits of the Blinebry Gas Pool, the Blinebry Oil Pool and the Terry-Blinebry Oil Pool shall be the areas described in Exhibits "A", "B" and "C", attached hereto and made a part hereof.

R-640 (2) That the vertical limits of the Blinebry Gas Pool and the Blinebry Oil Pool shall extend from a point 75 feet above the "Blinebry Marker" to a point 300 feet below the "Blinebry Marker".

R-464 (3) That the "Blinebry Marker" shall be that point encountered in the Humble Oil and Refining Company State 'S' Well No. 20 SW/4 NW/4 Section 2, Township 22 South, Range 37 East, NMPM., at a depth of 5457 feet (Elev. 3380, Subsea Datum Minus 2077).

(4) That special pool rules applicable to the Blinebry Gas Pool should be, and the same hereby are, promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE BLINEBRY GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more outside the boundary of the Blinebry Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Blinebry Gas Pool shall be spaced, drilled, operated and produced in accordance with the regulations in effect in the Blinebry Gas Pool.

RULE 2: Each well drilled or recompleted within the Blinebry Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Blinebry Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3: The Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320-foot radius of the subject well a copy of the application to the Commission. Applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operator. In the event an operator objects to the unorthodox location, the Commission shall consider the matter only after proper notice and hearing.

RULE 4: The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Hinsbry Gas Pool located in Lea County, New Mexico.

Gas Proration:

RULE 5: (A) That acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Hinsbry Gas Pool, a standard proration unit shall consist of between 158 and 162 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Survey; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (B) of this Rule.

(B) The Director of the Commission shall have authority to establish a non-standard gas proration unit by administrative action (without notice and hearing) where application has been filed in due form and where the following facts exist and the following provisions are complied with, without exception.

1. The non-standard proration unit will consist of contiguous quarter-quarter sections and/or lots, with a common side between any two adjacent quarter-quarter sections and/or lots.

2. The non-standard proration unit will lie wholly within a single governmental quarter section.

3. The entire non-standard proration unit may be reasonably assumed to be productive of gas from the Hinsbry Gas Pool.

4. The length or width of the non-standard gas proration unit will not exceed 2640 feet.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the quarter section in which the non-standard gas proration unit is to be situated, which interest is not included in the proposed non-standard gas proration unit.

(b) All operators owning interests within 1320 feet of the well to which such non-standard gas proration unit is to be dedicated.

6. In lieu of the provisions of subparagraph 5 under Paragraph (B) of this rule, applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Director of the Commission may approve such application for administrative approval of a non-standard gas proration unit if, after a period of 30 days following the mailing of said notice, no operator has entered an objection to the formation of such non-standard gas proration unit.

(C) The allowable production from any non-standard gas proration unit as compared with the allowable production there from if such tract were a standard unit shall be in the ratio the area of such non-standard proration unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

RULE 6: Acreage dedicated to a gas well in the Hinsbry Gas Pool shall not be simultaneously dedicated to an oil well in the Hinsbry Oil Pool.

RULE 7: In the event an oil well in the Hinsbry Oil Pool is reclassified as a gas well in the Hinsbry Gas Pool, the operator of such well will be afforded the opportunity to form a non-standard proration unit for the well; provided, however, that until such unit is formed, such well shall be allocated a gas allowable commensurate with the acreage contained in the unit formerly dedicated to the oil well in the Hinsbry Oil Pool.

RULE 8: In the event such reclassification should cause the occurrence of two gas wells producing from the Hinsbry Gas Pool within a single proration unit, the sum total of the allowables allocated to the two wells shall be equivalent to that volume of gas allocated to a single proration unit; provided, however, that the operator of such wells shall have the option to determine the proportion of the assigned allowable to be produced by each individual well.

RULE 9: The dual completion of a well so as to produce gas from the Hinsbry Gas Pool and oil from the Hinsbry Oil Pool is hereby prohibited.

RULE 10: (A) The Commission, after notice and hearing, shall consider the nominations of gas purchasers from the Hinsbry Gas Pool and other relevant data and shall fix the allowable production for the Hinsbry Gas Pool.

(B) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(C) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

RULE 11: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Hinsbry Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 12: In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Hinebry Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month, along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Hinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility/ which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10; provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate under-production, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability data, or other evidence as to the well's producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the well's producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased, the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

Balancing of Production:

RULE 12-A: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 13: Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry 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.

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.

RULE 14: Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up.

If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in during that month, and each succeeding month until the well is overproduced less than six times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing other than notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

Granting of Allowables:

RULE 15: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 16: Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

Reporting of Production:

RULE 17: The monthly gas production from each 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 gas produced.

Each purchaser or taker of gas in the Hinsbry Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease heaters, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable. The production of intermediate or low-pressure gas derived from the staging of the well fluids need not be charged against the well's gas allowable, provided that said intermediate or low-pressure gas is utilized in accordance with the provisions of Order R-464.

RULE 18: A gas well in the Hinebry Gas Pool shall mean a well producing from within the vertical and horizontal limits of the Hinebry Gas Pool which:

(a) Produces liquid hydrocarbons possessing a gravity of 51° API, or greater, or,

(b) Produces liquid hydrocarbons possessing a gravity of less than 51° API, but with a producing gas-liquid hydrocarbon ratio of 32,000 cubic feet of gas or more, per barrel of liquid hydrocarbon.

RULE 19: A well producing from within the horizontal and vertical limits of the Hinebry Gas Pool and not classified as a gas well as defined in Rule 18 shall be classified as an oil well in the Hinebry Oil Pool.

RULE 20: Any well drilled and completed in good faith prior to the effective date of this order, which well is situated within the horizontal boundaries of the Hinebry Gas Pool as herein defined but which produces gas from a depth interval exceeding the vertical limits of the Hinebry Gas Pool as herein defined, is hereby validated and shall be classified as a gas well in the Hinebry Gas Pool, provided that said well conforms to the definition of a gas well in said pool as set out in Rule 18 of this section of this order, and provided that the well is classified as a gas well in the Hinebry Gas Pool under the rules, regulations and orders in effect on the day immediately preceding the effective date of this order.

RULE 21: The term "gas purchaser", as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where a connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of the "taker" to submit a nomination as provided in Rules 11 and 12.

RULE 22: The Proration Manager may reclassify a well under Rules 18 or 19 if production data, gas-oil ratio tests or other evidence reflects the need for such reclassification.

For proration purposes, the effective date of such reclassification shall be the first day of the next succeeding six months gas proration period.

The Proration Manager will notify the operator of the reclassified well of such reclassification and the effective date thereof; provided, however, that operator may appeal such reclassification to the Director of the Commission in writing.

RULE 23: No gas, either dry gas or casinghead gas, shall be flared, vented or otherwise wasted in the Hinebry Gas Pool at any time after ninety (90) days dating from May 1, 1955, or ninety (90) days from the date of completion of a well in said pool, whichever is the later.

Any operator desiring to obtain an exception to the foregoing provision of this rule shall submit to the Director of the Commission an application for such exception accompanied by a sworn statement setting forth the facts and circumstances which justify such exception. The Director is hereby authorized to grant such exception when the granting of such is necessary to protect correlative rights, prevent waste, or to prevent undue hardship on the applicant. The Director

shall (a) grant the exception within 15 days following receipt of the application and statement, or (b) set the application for hearing before the Commission at a regularly scheduled monthly hearing; provided, however, that no such applicant shall incur any penalty by reason of a delay in setting the application for hearing. Public notice of the hearing of the application shall be published in the manner provided by law.

Should the Director grant an exception to the provision of Rule 23, notification of such exception shall be distributed to the Commission's regular mailing list.

RULE 24: Bottom-hole pressure tests will be conducted semiannually during the months of May and October on all gas wells located to the north of an east-west line coinciding with the north lines of Sections 21, 22, 23 and 24, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico; such wells to be producing from within the vertical and horizontal limitations of the Hinsbry Gas Pool and classified as gas wells under the rules contained in this order. Results of such tests will be reported to the Commission on Form C-124 on or before the 25th day of June and the 25th day of November of each calendar year.

All bottom-hole pressure tests, except tests on dually completed wells producing from the Hinsbry Gas Pool, will be conducted in accordance with Rule 302 of the Rules of the Commission. Shut-in period will be 48 hours, datum elevation will be 2400 feet subsea, (-2400), and base temperature will be 100 degrees Fahrenheit.

Bottom-hole pressures on dually completed wells producing gas from the Hinsbry Gas Pool may be calculated from a 72-hour shut-in pressure at the wellhead, provided that an accurate determination of the fluid level in the hole is made employing sonic or other methods of equivalent accuracy. The gravity of the fluid in the hole shall be that gravity determined by averaging the gravities of those fluids produced on official test in the Hinsbry Gas Pool during the regular semiannual gas-liquid ratio and gravity testing period next preceding the subject bottom-hole pressure test period. The gravity to be employed in the calculation of bottom-hole pressures during a particular testing period shall be determined by the Commission. All interested operators shall be duly notified of such determination by the Commission.

RULE 25: Gas-liquid ratio tests and determinations of the gravity of that liquid hydrocarbon recovered from wells in the Hinsbry Gas Pool shall be conducted semiannually during the months of May and October on all wells located in and producing from the Hinsbry Gas Pool. Results of such tests will be reported to the Commission on Form C-116 on or before the 15th day of June and the 15th day of November of each calendar year.

RULE 26: At no time will the horizontal boundaries of the Hinsbry Gas Pool conflict with or overlap the horizontal boundaries of the Terry-Hinsbry Oil Pool.

12-1-64

(5) That the following rules shall apply to all producing wells in the Tubb or Hinebry Gas Pools:

RULE 1: Gas produced from each well shall be produced into a separate high-pressure separator. The high-pressure gas shall then be metered separately prior to its entering a gas transportation facility.

RULE 2: The distillate separated from the high-pressure gas in the high-pressure separator shall then be directed into a low-pressure separator. The distillate may be commingled with other distillate produced by any other well or wells producing from the Tubb or Hinebry Gas Pools following its separation from the high-pressure gas in the high-pressure separator, provided gas-distillate test facilities are available and periodic tests are made.

Following the separation of distillate and low-pressure gas in the low-pressure separator, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from other low-pressure gas produced on the lease, provided that certain test facilities are available and certain periodic tests are made.

RULE 3: Each year during the months of June and July each operator of each gas well producing from the Tubb or Hinebry Gas Pools shall cause to be taken an annual gas-distillate ratio test. The results of such test shall be submitted to the Commission office (P. O. Box 2045, Hobbs, New Mexico) on or before August 15 following the test. The test shall outline the amount of high-pressure gas produced during the 24-hour test period, the amount of distillate produced during the test period, the amount of low-pressure gas produced during the test period, the high-pressure gas-distillate ratio, and the low-pressure gas-distillate ratio. Failure to submit the required test by August 15 shall result in suspension of any further gas allowable until the date the required information is submitted.

RULE 4: In submitting Form C-115 (Operator's Monthly Report) on wells producing from the Tubb and Hinebry zone in which distillate is commingled and/or the low-pressure gas is commingled with other low-pressure gas produced on the lease, the operator shall estimate if necessary the volumes produced by each well in each pool by using the ratios as reflected by the most recent tests submitted.

RULE 5: The Secretary-Director of the Commission shall have authority to grant exception to the provisions set forth in Rule 1 through Rule 4, incl., where it can be shown that compliance with these rules is not economic or is impractical. Applications for exception shall be submitted in triplicate to the Oil Conservation Commission, P. O. Box 871, Santa Fe, New Mexico, with a copy of each application being furnished offset operators.

RULE 6: That low-pressure gas produced by gas wells in the Tubb or Hinebry Gas Pools shall not be charged to the gas allowable allocated to any well.

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. 521
Order No. R-356

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER ESTABLISHING MEANS AND METHODS
FOR THE PRORATION OF NATURAL GAS IN LEA,
EDDY, CHAVES AND ROOSEVELT COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1953, April 16, 1953, May 19, 1953, June 16, 1953, July 16, 1953, and August 20, 1953, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 28th day of August, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received in the hearings, 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 the cause and the subject matter thereof.

(2) That for the prevention of waste and protection of correlative rights proper special Rules and Regulations relating to the proration of gas-well gas produced in the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, should be promulgated.

IT IS THEREFORE ORDERED:

SECTION A. That the following rules pertaining to gas well spacing in defined gas pools and acreage requirements for drilling tracts within the defined limits of gas pools in Eddy, Lea, Chaves and Roosevelt Counties, be and the same hereby are adopted effective immediately.

I. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. The Secretary of the Commission shall have authority to grant an exception to the requirements of Statewide Rule 104, Sections (a), (b), (c), and (d),

without notice and hearing where application has been filed in due form, and,

(a) When the necessity for the unorthodox location is based on topographical conditions, or is occasioned by the recompletion of a well previously drilled to another horizon, and

(b) When either one of the following is applicable:

1. When the ownership of all oil and gas leases within a radius of 1320 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location.

2. When all owners of oil and gas leases within such radius consent in writing to the proposed location.

(The above provisions of Rule 1 supersede Rule 104 (f).)

RULE 2. The provisions of Statewide Rule 104 Paragraph (k), shall not apply to gas pools located in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

SECTION B. That the following rules shall apply to defined gas pools in Eddy, Lea, Chaves and Roosevelt Counties only after hearings are held and an order issued on each individual pool. These rules shall be considered as "standby rules" and shall be used as a guide in establishing pool rules.

II. GAS PRORATION.

RULE 3. At such time as the Commission determines that allocation of gas production from gas wells producing from any pool in this four-county area is necessary to prevent waste or to protect correlative rights, the Commission, after notice and hearing, shall consider the nominations of gas purchasers from such gas pool and other relevant data, and shall fix the allowable production of such pool, and shall allocate production among the gas wells in such pool upon a reasonable basis with due regard to correlative rights. Unless special pool rules are adopted as provided in Rule 4 below, the general provisions of this rule shall apply to each gas pool allocated under this rule.

RULE 4. After notice and hearing, the Commission, in order to protect correlative rights, or prevent waste, or both, may promulgate special rules, regulations or orders pertaining to any gas pool.

(The above provisions of Rules 3 and 4 supersede Statewide Rule 602)

III. PRORATION UNITS.

RULE 5. For the purpose of gas allocation in the absence of special pool rules a standard proration unit shall consist of between 158 and 162 contiguous surface acres

substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or after the Commission has been furnished waivers from all offsetting operators, if all acreage is contiguous and does not contain more than four legal quarter-quarter sections and/or lots. Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

IV. GAS ALLOCATION.

RULE 6. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from each gas pool from which it purchases gas. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 7. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from each gas pool from which it purchases gas. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable.

RULE 8. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units; provided that for this purpose standard units shall be as defined in Rule 5 above. More than one proration unit or fractional parts thereof may be assigned to a gas well and the allowables assigned said well may be increased proportionately, provided that:

a. No more than 640 acres shall be assigned to any one well.

b. All acreage in such units may reasonably be presumed to be productive of gas.

c. The multiple unit so formed shall not have an overall length or width exceeding 5,280 feet.

d. Where not more than two proration units are assigned to a well, the well shall not be located closer than 660 feet to the longest boundary of the pooled units nor less than 1320 feet from the shortest boundary of the pooled units. Where three or more units are pooled the well shall not be located closer than 1320 feet to the outer boundary of the pooled unit.

e. Exceptions to the provisions of this rule may be granted by the Commission after notice and hearing or after the Commission has been furnished waivers by all offsetting operators.

(The above provisions of Rules 6, 7 and 8 supersede Statewide Rule 602)

V. BALANCING OF PRODUCTION.

RULE 9. Underproduction: The dates 7:00 A.M. January 1 and 7:00 A.M. July 1 shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said over production until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

(The above provisions of Rules 9 and 10 supersede Statewide Rule 604)

VI. GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

VII. REPORTING OF PRODUCTION.

RULE 13. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

VIII. DEFINITIONS.

RULE 14. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

(The above Rule supersedes Statewide Definition A-24)

RULE 15. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

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. 245
ORDER No. R-264

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER DESIGNATING, NAMING, DEFINING AND
EXTENDING THE GAS POOLS OF LEA, EDDY,
AND CHAVES COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a. m. on December 22, 1950, March 20, 1951, April 24, 1951, May 23, 1951, and July 24, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on the 17th., day of February, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearings, and being fully advised in the premises,

FINDS:

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

(2) That under the authority of Rule 601 of Order No. 850, effective January 1, 1950, the Commission instituted proceedings upon its own motion to name, classify and define the limits of all known and producing gas pools in the Counties of Lea, Eddy and Chaves, New Mexico.

(3) That during the years 1950 and 1951, the Commission did cause exhaustive studies to be made of all then known southeastern New Mexico gas reserves, and at the several hearings in this cause took voluminous testimony of production engineers, geologists and other experts to the end that the producing gas pools in the area aforesaid should be named, defined and properly classified as such in the interests of conservation, prevention of waste, and the protection of correlative rights.

(4) That the following definitions and classifications of gas pools in Eddy, Lea and Chaves Counties, New Mexico will result in a more efficient administration of the conservation laws of the State of New Mexico.

(a) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Jalco Gas Pool, with the following description:

Township 21 South, Range 35 East, NMPM
E/2 Sec. 12; E/2 Sec. 13; E/2 Sec. 24.

Township 21 South, Range 36 East, NMPM
W/2 Sec. 7; W/2 Sec. 18; W/2 and SE/4 Sec. 19; SW/4 Sec. 20; All Secs. 29 thru 32, incl.

Township 22 South, Range 36 East, NMPM
All Secs. 5 thru 8 incl.; All Sec. 17; N/2 and SE/4 Sec. 18; NE/4 Sec. 19; All Sec. 20; NW/4 Sec. 28; All Sec. 29 and 32; SW/4 Sec. 33.

Township 23 South, Range 36 East, NMPM
All Sec. 4; N/2 and SE/4 Sec. 5; E/2 Sec. 8; All Sec. 9; All Sec. 16; NE/4 Sec. 17; All Sec. 21; W/2 Sec. 27; E/2 Sec. 28; E/2 Sec. 33; W/2 and SE/4 Sec. 34.

Township 24 South, Range 36 East, NMPM
All Sec. 3; E/2 Sec. 4; NE/4 Sec. 9; N/2 and SE/4 Sec. 10; W/2 Sec. 11; All Sec. 14; E/2 Sec. 15; All Secs. 22 and 23; S/2 Sec. 25; All Sec. 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 24 South, Range 37 East, NMPM
S/2 Sec. 31.

Township 25 South, Range 36 East, NMPM
All Sec. 1; N/2 Sec. 2; All Secs. 12, 13, 24 and 25; NE/4 Sec. 36.

Township 25 South, Range 37 East, NMPM
All Secs. 6 and 7; SW/4 Sec. 8; S/2 and NW/4 Sec. 16; All Secs. 17 thru 21 incl.; All Secs. 28 thru 33 incl.; W/2 Sec. 34.

Township 26 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 thru 9 incl.; W/2 Sec. 10; All Secs. 18 and 19; W/2 Sec. 29; E/2 and NW/4 Sec. 30; NE/4 Sec. 31; NW/4 Sec. 32.

(b) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Langmat Gas Pool, with the following description:

Township 21 South, Range 36 East, NMPM
W/2 Sec. 28; All Secs. 33 and 34.

Township 22 South, Range 36 East, NMPM
All Secs. 3, 4, 9 and 10; SW/4 Sec. 11; W/2 Sec. 14; All Secs. 15 and 16; All Secs. 21, 22 and 23; All Secs. 25, 26, 27; S/2 and NE/4 Sec. 28; N/2 and SE/4 Sec. 33; All Secs. 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
SW/4 Sec. 31

Township 23 South, Range 36 East, NMPM
All Secs. 1, 2 and 3; All Secs. 10 thru 15 incl.; All Secs. 22 thru 26 incl.; E/2 Sec. 27; NE/4 Sec. 34; All Secs. 35 and 36.

Township 23 South, Range 37 East, NMPM
All Secs. 6, 7, 18 and 19; W/2 Sec. 29; All Secs. 30 and 31; W/2 Sec. 32.

Township 24 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 11; All Secs. 12, 13, 24; N/2 Sec. 25.

Township 24 South, Range 37 East, NMPM
All Secs. 5 thru 8 incl.; W/2 Sec. 9; W/2 Sec. 16; All Sec. 17 thru 21 incl.; All Secs. 28, 29 and 30; N/2 Sec. 31; All Secs. 32 and 33; SW/4 Sec. 34.

Township 25 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 and 5; N/2 and SE/4 Sec. 8; All Sec. 9; W/2 and SE/4 Sec. 10; All Sec. 15; NE/4 Sec. 16; All Sec. 22; N/2 Sec. 27.

(c) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Eumont Gas Pool, with the following description:

Township 19 South, Range 36 East, NMPM
SE/4 Sec. 13; S/2 Sec. 23; S/2 and NE/4 Sec. 24; All Secs. 25 and 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 19 South, Range 37 East, NMPM
SE/4 Sec. 7; SW/4 Sec. 8; All Secs. 17 thru 20 incl.; W/2 Sec. 21; W/2 Sec. 27; All Secs. 28 thru 34 incl.

Township 20 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 3; E/2 Sec. 10; All Secs. 11 thru 14; incl.; NE/4 Sec. 15; N/2 and SE/4 Sec. 23; All Sec. 24 and 25; E/2 Sec. 26; E/2 Sec. 35; All Sec. 36.

Township 20 South, Range 37 East, NMPM
All Secs. 3 thru 9 incl.; W/2 Sec. 10; W/2 Sec. 15; All Secs. 16 thru 20 incl.; W/2 and NE/4 Sec. 21; NW/4 Sec. 22; W/2 Sec. 29; All Secs. 30, 31 and 32; W/2 Sec. 33.

Township 21 South, Range 35 East, NMPM
SE/4 and Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Sec. 1.

Township 21 South, Range 36 East, NMPM
SW/4 Sec. 1; S/2 and Lots 11, 12, 13 and 14 of Sec. 2; S/2 and Lots 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15 and 16 of Sec. 3; All Secs. 4, 5 and 6; E/2 Sec. 7; All Secs. 8 thru 11, incl.; W/2 Sec. 12; NW/4 Sec. 13; N/2 and SW/4 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 18; NE/4 Sec. 19; N/2 and SE/4 Sec. 20; All Sec. 21; W/2 and NE/4 Sec. 22; E/2 Sec. 28.

(d) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Arrow Gas Pool, with the following description:

Township 21 South, Range 36 East, NMPM
SE/4 Sec. 24; All Sec. 25; S/2 and NE/4 Sec. 35; All Sec. 36.

Township 22 South, Range 36 East, NMPM
All Secs. 1 and 2; NE/4 Sec. 11; All Sec. 12; N/2 and SE/4 Sec. 13.

Township 22 South, Range 37 East, NMPM
W/2 Sec. 7; All Sec. 18; N/2 Sec. 19.

(e) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Tubb Gas Pool, with the following description:

Township 21 South, Range 37 East, NMPM
SW/4 and Lots 3, 4, 5, 6, 11, 12, 13 and 14 of Sec. 2; All of Sec. 3; SE/4 and Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Sec. 4; E/2 Sec. 8; All Secs. 9 and 10; W/2 Sec. 11; W/2 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 19; All Secs. 20 thru 23; incl.; W/2 Sec. 25; All Secs. 26 thru 29 incl.; E/2 Sec. 30; E/2 Sec. 31; All Sec. 32 thru 36 incl.

Township 22 South, Range 37 East, NMPM
All Secs. 1 thru 5; incl.; E/2 Sec. 6; All Secs. 8 thru 16 incl.; E/2 Sec. 21; All Secs. 22, 23 and 24.

Township 22 South, Range 38 East, NMPM
W/2 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; W/2 Sec. 19.

(f) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Blinebry Gas Pool, with the following description:

Township 21 South, Range 37 East, NMPM
S/2 Sec. 10; S/2 Sec. 11; All Secs. 14, 15, 22, 23, 26, 27, 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
All Secs. 1, 2, 3, 4, 10, 11, 12, 13, 14, 23, 24 and 25.

Township 22 South, Range 38 East, NMPM
W/2 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; All Secs. 19, 30 and 31.

(g) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Amanda Gas Pool, with the following description:

Township 22 South, Range 37 East, NMPM
All Sec. 25.

(h) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Monument-McKee Gas Pool, with the following description:

Township 19 South, Range 36 East, NMPM
All of Sec. 36.

Township 19 South, Range 37 East, NMPM
All of Sec. 31.

Township 20 South, Range 36 East, NMPM
All of Sec. 1.

Township 20 South, Range 37 East, NMPM
All of Sec. 6.

(i) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Eyers-Queen Gas Pool, with the following description:

Township 18 South, Range 38 East, NMPM
All of Secs. 29, 30, 31, and 32.

(j) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Maljamar-Queen Gas Pool, with the following description:

Township 17 South, Range 32 East, NMPM
SW/4 and W/2 SE/4 Sec. 15; All of Sec. 16;
NE/4 Sec. 21; NW/4 and W/2 NE/4 Sec. 22.

(k) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Vandagriff-Keyes Gas Pool, with the following description:

Township 17 South, Range 28 East, NMPM
S/2 Sec. 3; S/2 and NW/4 Sec. 4; All of
Sec. 5; NE/4 Sec. 8; All of Sec. 9 and 10.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission, be and the same hereby is approved, as follows:

I. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Jalco Gas Pool and described as follows:

Township 21 South, Range 35 East, NMPM
E/2 Sec. 12; E/2 Sec. 13; E/2 Sec. 24.

Township 21 South, Range 36 East, NMPM
W/2 Sec. 7; W/2 Sec. 18; W/2 and SE/4 Sec. 19; SW/4 Sec. 20; All Secs. 29 thru 32 incl.

Township 22 South, Range 36 East, NMPM
All Secs. 5 thru 8 incl.; All Sec. 17; N/2 and SE/4 Sec. 18; NE/4 Sec. 19; All Sec. 20; NW/4 Sec. 28; All Sec. 29 and 32; SW/4 Sec. 33.

Township 23 South, Range 36 East, NMPM
All Sec. 4; N/2 and SE/4 Sec. 5; E/2 Sec. 8; All Sec. 9; All Sec. 16; NE/4 Sec. 17; All Sec. 21; W/2 Sec. 27; E/2 Sec. 28; E/2 Sec. 33; W/2 and SE/4 Sec. 34.

Township 24 South, Range 36 East, NMPM
All Sec. 3; E/2 Sec. 4; NE/4 Sec. 9; N/2 and SE/4 Sec. 10; W/2 Sec. 11; All Sec. 14; E/2 Sec. 15; All Secs. 22 and 23; S/2 Sec. 25; All Sec. 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 24 South, Range 37 East, NMPM
S/2 Sec. 31.

Township 25 South, Range 36 East, NMPM
All Sec. 1; N/2 Sec. 2; All Secs, 12, 13, 24 and 25; NE/4 Sec. 36.

Township 25 South, Range 37 East, NMPM
All Secs. 6 and 7; SW/4 Sec. 8; S/2 and NW/4 Sec. 16; All Secs. 17 thru 21 incl.; All Secs. 28 thru 33 incl.; W/2 Sec. 34.

Township 26 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 thru 9 incl.; W/2 Sec. 10; All Secs. 18 and 19; W/2 Sec. 29; E/2 and NW/4 Sec. 30; NE/4 Sec. 31; NW/4 Sec. 32.

(2) That the producing formation in the Jalco Gas Pool shall extend from the top of the Yates formation to a point 100 feet above the base of the Seven Rivers formation.

II. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Langmat Gas Pool and described as follows:

Township 21 South, Range 36 East, NMPM
W/2 Sec. 28; All Secs. 33 and 34.

Township 22 South, Range 36 East, NMPM
All Secs. 3, 4, 9 and 10; SW/4 Sec. 11; W/2 Sec. 14; All Secs. 15 and 16; All Secs. 21, 22 and 23; All Secs. 25, 26, 27; S/2 and NE/4 Sec. 28; N/2 and SE/4 Sec. 33; All Secs. 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
SW/4 Sec. 31.

Township 23 South, Range 36 East, NMPM
All Secs. 1, 2 and 3; All Secs. 10 thru 15 incl.; All Secs. 22 thru 26 incl.; E/2 Sec. 27; NE/4 Sec. 34; All Secs. 35 and 36.

Township 23 South, Range 37 East, NMPM
All Secs. 6, 7, 18 and 19; W/2 Sec. 29; All Secs. 30 and 31; W/2 Sec. 32.

Township 24 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 11; All Secs. 12, 13, 24; N/2 Sec. 25.

Township 24 South, Range 37 East, NMPM
All Secs. 5 thru 8 incl.; W/2 Sec. 9; W/2 Sec. 16; All Sec. 17 thru 21 incl.; All Secs. 28, 29 and 30; N/2 Sec. 31; All Secs. 32 and 33; SW/4 Sec. 34.

Township 25 South, Range 37 East, NMPM
W/2 Sec. 3; All Secs. 4 and 5; N/2 and SE/4 Sec. 8; All Sec. 9; W/2 and SE/4 Sec. 10; All Sec. 15; NE/4 Sec. 16; All Sec. 22; N/2 Sec. 27.

(2) That the producing formation in the Langmat Gas Pool shall extend from the top of the Yates formation to a point 100 feet above the base of the Seven Rivers formation.

III (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Eumont Gas Pool and described as follows:

Township 19 South, Range ~~36~~ 37 East, NMPM
SE/4 Sec. 13; S/2 Sec. 23; S/2 and NE/4 Sec. 24; All Secs. 25 and 26; E/2 Sec. 27; E/2 Sec. 34; All Secs. 35 and 36.

Township 19 South, Range 37 East, NMPM
SE/4 Sec. 7; SW/4 Sec. 8; All Secs. 17 thru 20 incl.; W/2 Sec. 21; W/2 Sec. 27; All Secs. 28 thru 34 incl.

Township 20 South, Range 36 East, NMPM
All Secs. 1 and 2; E/2 Sec. 3; E/2 Sec. 10; All Secs. 11 thru 14 incl.; NE/4 Sec. 15; N/2 and SE/4 Sec. 23; All Sec. 24 and 25; E/2 Sec. 26; E/2 Sec. 35; All Sec. 36.

Township 20 South, Range 37 East, NMPM
All Secs. 3 thru 9 inc.; W/2 Sec. 10; W/2 Sec. 15; All Secs. 16 thru 20 incl.; W/2 and NE/4 Sec. 21; NW/4 Sec. 22; W/2 Sec. 29; All Secs. 30, 31 and 32; W/2 Sec. 33.

Township 21 South, Range 35 East, NMPM
SE/4 and Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Sec. 1.

Township 21 South, Range 36 East, NMPM
SW/4 Sec. 1; S/2 and Lots 11, 12, 13 and 14 of Sec. 2; S/2 and Lots 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15 and 16 of Sec. 3; All Sec. 4, 5 and 6; E/2 Sec. 7; All Secs. 8 thru 11; incl. W/2 Sec. 12; NW/4 Sec. 13; N/2 and SW/4 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 18; NE/4 Sec. 19; N/2 and SE/4 Sec. 20; All Sec. 21; W/2 and NE/4 Sec. 22; E/2 Sec. 28.

(2) That the producing formation in the Eumont Gas Pool shall extend from the top of the Yates formation to a point 200 feet below the top of the Queen formation thereby including all of the Seven Rivers formation.

IV. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Arrow Gas Pool and described as follows:

Township 21 South, Range 36 East, NMPM
SE/4 Sec. 24; All Sec. 25; S/2 and NE/4 Sec. 35; All Sec. 36.

Township 22 South, Range 36 East, NMPM
All Secs. 1 and 2; NE/4 Sec. 11; All Sec. 12; N/2 and SE/4 Sec. 13.

Township 22 South, Range 37 East, NMPM
W/2 Sec. 7; All Sec. 18; N/2 Sec. 19.

(2) That the producing formation in the Arrow Gas Pool shall extend from the top of the Yates formation to a point 200 feet below the top of the Queen formation, thereby including all of the Seven Rivers formation.

V. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Tubb Gas Pool and described as follows:

Township 21 South, Range 37 East, NMPM
SW/4 and Lots 3, 4, 5, 6, 11, 12, 13 and 14 of Sec. 2; All of Sec. 3; SE/4 and Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Sec. 4; E/2 Sec. 8; All Secs. 9 and 10; W/2 Sec. 11; W/2 Sec. 14; All Secs. 15, 16 and 17; E/2 Sec. 19; All Secs. 20 thru 23; incl.; W/2 Sec. 25; All Secs. 26 thru 29 inc.; E/2 Sec. 30; E/2 Sec. 31; All Secs. 32 thru 36 incl.

Township 22 South, Range 37 East, NMPM
All Secs. 1 thru 5 incl.; E/2 Sec. 6; All Secs. 8 thru 16 incl.; E/2 Sec. 21; All Secs. 22, 23 and 24.

Township 22 South, Range 38 East, NMPM
W/2 Sec. 6; W/2 Sec. 7; W/2 Sec. 18; W/2 Sec. 19.

(2) That the producing formation in the Tubb Gas Pool shall extend from the top of the Tubb sand to a point 225 feet below the top of the Tubb sand.

VI. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Blinebry Gas Pool and described as follows:

Township 21 South, Range 37 East, NMPM
S/2 Sec. 10; S/2 Sec. 11; All Secs. 14, 15, 22, 23, 26, 27, 34, 35 and 36.

Township 22 South, Range 37 East, NMPM
All Secs. 1, 2, 3, 4, 10, 11, 12, 13, 14, 23, 24 and 25.

Township 22 South, Range 38 East, NMPM
W/2 Sec.6; W/2 Sec. 7; W/2 Sec. 18; All Secs. 19, 30 and 31.

(2) That the producing formation in the Blinebry gas pool shall be all of the Blinebry formation.

VII. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Amanda Gas Pool and described as follows:

Township 22 South, Range 37 East, NMPM
All Sec. 25.

(2) That the producing formation in the Amanda Gas Pool shall be known as the Amanda zone of lower Permian encountered at an approximate depth of 7050 feet.

VIII. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Monument-McKee Gas Pool and described as follows:

Township 19 South, Range 36 East, NMPM
All of Sec. 36.

Township 19 South, Range 37 East, NMPM
All of Sec. 31.

Township 20 South, Range 36 East, NMPM
All of Sec. 1.

Township 20 South, Range 37 East, NMPM
All of Sec. 6

(2) That the producing formation in the Monument -McKee Gas Pool shall be the McKee sand of the Simpson formation.

IX. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Byers - Queen Gas Pool and described as follows:

Township 18 South, Range 38 East, NMPM
All of Secs. 29, 30, 31 and 32.

(2) That the producing formation in the Byers-Queen Gas Pool shall be the Queen formation.

X. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Maljamar-Queen Gas Pool and described as follows:

Township 17 South, Range 32 East, NMPM
SW/4 and W/2 SE/4 Sec. 15; All of Sec. 16;
NE/4 Sec. 21; NW/4 and W/2 NE/4 Sec. 22.

(2) That the producing formation in the Maljamar-Queen Gas Pool shall be the Queen formation.

XI. (1) That a new pool be, and the same hereby is created, designated for gas production, denominated the Vandagriff-Keyes Gas Pool and described as follows:

Township 17 South, Range 28 East, NMPM
S/2 Sec. 3; S/2 and NW/4 Sec. 4; All of
Sec. 5; NE/4 Sec. 8; All of Sec. 9 and 10.

(2) That the producing formation in the Vandagriff-Keyes Gas Pool shall be the Queen formation encountered at an approximate depth of 1400 feet.

IT IS FURTHER ORDERED:

That due to the extensive development program being carried on by the oil and gas operators in the southeastern New Mexico, and the possible enlargement of existing pools or discovery of new pools, the Commission orders that further testimony in the matter be received at the regular monthly hearing of the Commission on April 16, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1164
Order No. R-967

APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS
OWN MOTION FOR AN ORDER REVISING THE
SPECIAL RULES AND REGULATIONS FOR ALL
PRORATED GAS POOLS IN THE STATE OF
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of April 1957, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That, in order to promote a more efficient gas prorationing procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

IT IS THEREFORE ORDERED:

(1) That Commission Order R-128-D dated October 13, 1955, amending the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool as set forth in Commission Order R-110, dated November 9, 1951, be and the same is hereby amended as follows:

RULE 3 - R-128-D

In the event a gas purchasers' market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 4 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 4 - R-128-D

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for

that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 5 - R-128-D

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 5-A - R-128-D

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above.

RULE 6 - R-128-D

Underproduction: Any non-marginal 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.

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.

RULE 7 - R-128-D

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowables.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 9 - (Second Paragraph) R-128-D

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 5 of this order.

(2) That the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, and South Blanco-Pictured Cliffs Gas Pool as set forth in Commission Order R-565-C, dated October 13, 1955, and the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool as set forth in Commission Order R-566-D, dated October 13, 1955; and the Special Rules and Regulations for the Ballard Pictured Cliffs Pool as set forth in Commission Order R-846, dated July 18, 1956, be and the same are hereby amended as follows:

RULE 8 - R-565-C, R-566-D, and R-846

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas be actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is

necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 9 - R-565-C, R-566-D and R-846

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 10 - 565-C, R-566-D & R-846

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 10A - R-565-C, R-566-D & R-846

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

RULE 11 - R-565-C, R-566-D, & R-846

Underproduction: Any non-marginal 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.

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.

RULE 12 - R-565-C, R-566-D & R-846

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 14 - R-565-C, R-566-D, & R-846

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

(3) That the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as set forth in Order R-520, dated August 12, 1964, and the Special Rules and Regulations for the Tubb, Byers-Queen and Justis Gas Pools as set forth in Order R-586, dated April 11, 1955 be and the same are amended as follows:

RULE 6 - R-520 and R-586

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other relevant data and shall fix the allowable production for the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an

allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

RULE 8 - R-520 and R-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration period a [illegible] assigned to a well is increased the operator shall notify the Director (in writing from Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following the date of notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION

RULE 8-A - R-520 and R-586

The dates 7:00 a.m., January 1, and 7:00 a.m. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal 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.

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.

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is made up. If at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration peripd 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

(4) That the Special Rules and Regulations for the Blinebry Gas Pool as set forth in Order R-610, dated April 11, 1955, as amended by Order R-610-A, dated May 27, 1955, Order R-610-B, dated June 13, 1955, Order R-610-C, dated January 9, 1956, and Order R-610-D, dated February 26, 1957, be and the same are amended as follows:

RULE 10 - R-610

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production for the Blinebry Gas Pool.

(b) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

RULE 12 - R-610

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blinebry Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of

the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION
RULE 12-A - R-610

The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 13 - R-610

Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry 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.

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.

Case No. 1164
Order No. R-967

RULE 14 - R-610

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

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 overpreduction, if any, which has not been made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shutin upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

S E A L

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Current Effective Rule

Eumont Pool Page 1

1-1-60

(2) That the vertical limits of the Eumont Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Eumont Gas Pool shall be the area as described in Exhibit "B" attached hereto and made a part hereof.

R-520

para. 2 of general rules of R-520, adapted from R-264-A without significant change. Change was made from R-264 where vertical boundaries were different.

Well Spacing and Acreage Requirements for Drilling Tracts.

R-520

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

adapted from Rule 1, R-320-A

RULE 2. Each well drilled or recompleted within the Eumont Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Eumont Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

R-520

adapted from Rule 3, R-320-A

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

R-520

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

adapted from rule 4, R-320-A
" " rule 1 (b) R-356

RULE 4. The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Eumont Gas Pool located in Lea County, New Mexico.

R-520

adapted from [redacted] orders R-356 and R-320-A

Underlining signifies a change or addition of wording.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Eumont Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

R-520

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Eumont Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Permits & Com'

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

Above subject matter covered in rule 7(a) of R-370-A. The changes were necessitated by change of standard unit from 160 acres consisting of a quarter section to 640 acres consisting of a governmental section. This is subject matter of rules 5 & 8 R-356 also.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

R-520

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

R-520-A

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the ~~quarter~~ sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

added

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

Subject matter covered by rule 7(b) of R-370-A. Procedure for obtaining administrative exception changed.

RULE 6 - R-520 and R-586

R-961

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other relevant data and shall fix the allowable production for the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

adapted from rule 6 R-520, Para (b) added, Para (c) paragraphed from para (b) of R-520 rule 6. Also covered in rule 8 (R-356)

New

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the ~~Eumont~~ Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

R-520

adapted from rule 8 R-370-A and rule 6 (R-356)

New

RULE 8 -R520 and R-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

R-961

The Commission shall include in the proration schedule the gas wells in the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

added

(cont'd) marginal classification

procedure changed from rule 9 (R-356), rule 10 (R-370-A) and rule 9 (R-520)

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well. added

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification. Rule 9 (R-520)

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified. Rule 9 (R-520) revised

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. last para rule 8 (R-520)

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly. para 3 rule 9 (R-520)

All wells not classified as marginal wells shall be classified as non-marginal wells.

Above Rule 8 R-967 adapted from rules 8 and 9 R-520, rule 9 (R-370-A) and rule 7 (R-356)

BALANCING OF PRODUCTION

RULE 8-A - R-520 and R-586 R-967

The dates 7:00 a.m., January 1, and 7:00 a.m. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

adapted from rule 9 R-520 first sentence
rule 10 R-370-A " "
rule 9 R-356 " "

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal 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.

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. added.

Para 1 rule 9 R-520, remainder of rule 9 R-520 included in above rule 8 R-967. also covered in rule 10 (R-370-A) and rule 9 (R-356) Cancellation of allowable changed

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is made up. If at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration peripd 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 made up. added

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period. added

adapted from rule 10 R-520, Rule 11 (R-370-A) and rule 10 (R-356)

GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

adapted from rules 12 & 13 respectively R-370-A
11 & 12 " R-356

REPORTING OF PRODUCTION

RULE 13. 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Eumont Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken. added

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule. added

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico. added

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations. added, replaces last proviso (R-370-A)

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

adapted from rule 14 R-370-A. and rule 13 (R-356)

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Eumont Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

-15-
Order No. R-520

RULE 17. No gas, either dry gas or casinghead gas, produced from the Eumont Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

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

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

(4) That the vertical limits of the Eunice-Monument Oil Pool, heretofore created, shall include all of the Grayburg and San Andres formations. The horizontal limits of the Eunice-Monument Oil Pool shall be the area as described in Exhibit "D" attached hereto and made a part hereof.

(5) That the vertical limits of the Arrowhead Oil Pool shall include all of the Grayburg formation.

(6) That the vertical limits of the following oil pools, heretofore created, defined and described shall extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation.

Cooper-Jal Oil Pool
South Eunice Oil Pool
Langlie-Mattix Oil Pool

(7) That the horizontal limits of the Cooper-Jal Oil Pool shall be the area as described in Exhibit "E" attached hereto and made a part hereof.

(8) That the horizontal limits of the Langlie-Mattix Oil Pool shall be the area as described in Exhibit "F" attached hereto and made a part hereof.

(9) That the horizontal limits of the South Eunice Oil Pool shall be the area as described in Exhibit "G" attached hereto and made a part hereof.

(10) That no gas, either dry gas or casinghead gas, shall be flared or vented in the following pools unless specifically authorized by order of the Commission after notice and hearings

Eunice-Monument Oil Pool
South Eunice Oil Pool
Hardy Oil Pool
Penrose-Skelly Oil Pool
Cooper-Jal Oil Pool
Arrowhead Oil Pool
Langlie-Mattix Oil Pool
Rhodes Oil Pool
Leonard Oil Pool
South Leonard Oil Pool

Eaves Oil Pool
Arrow Gas Pool
Eumont Gas Pool
Jalmat Gas Pool

This rule shall become effective November 1,1954. Any operator desiring to obtain exception from the provisions of this rule shall apply for hearing prior to September 15, 1954. All operators shall file Form C-110, in duplicate, designating thereon the disposition of all dry gas or casinghead gas from each well in each pool listed above. Within 15 days after completion of any oil or gas well within the boundaries of the above listed pools, the operator shall file Form C-110 designating the disposition of gas from the well.

Failure to comply with the provisions of this rule within the prescribed time limits will result in the suspension of any further allowable. Extraction plants procecessing any gas from any of the above designated pools shall comply with the "no-flare" provisions of this rule, provided however, that the restriction may be lifted when mechanical difficulties arise or when the gas flared is of no commercial value.

(11) That oil wells producing from the following named pools shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505; Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool and Rhodes Oil Pool.

(12) That the Felby-Yates Oil Pool as heretofore created, defined and described shall be abolished and all oil wells presently producing from the Felby-Yates Oil Pool shall be governed by the applicable rules of the Jalmat Gas Pool.

(13) That that portion of the Rhodes Storage Area lying within the defined limits of the Jalmat Gas Pool shall be exempted from the applicable provisions of the Jalmat Gas Pool Rules. The Rhodes Storage Area shall include the following described area:

TOWNSHIP 26 South, RANGE 37 East, NMPM

Sec. 4: W/2 NW/4, SE/4 SE/4, W/2 SE/4, SW/4;
Sec. 5: All
Sec. 6: NE/4 NW/4, NE/4, SE/4 SE/4, N/2 SE/4
Sec. 7: NE/4 NE/4
Sec. 8: N/2, N/2 S/2, SE/4 SW/4, S/2 SE/4
Sec. 9: All
Sec. 10: W/2 NW/4, SE/4 NW/4, S/2
Secs. 15 & 16: All
Sec. 17: E/2 NW/4, E/2
Sec. 20: E/2
Secs. 21 & 22: All
Sec. 23: SW/4 NW/4, SW/4
Secs. 26, 27, & 28: All
Sec. 29: E/2 NE/4

RULE 18. Oil wells producing from the Eumont Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

EXHIBIT "H"
GAS-OIL RATIO TEST SCHEDULE

NAME OF POOL	GOR LIMIT	TEST PERIOD			DEADLINE FOR FILING FORM C-116
Oil Pools					
Arrowhead	3500	Nov.	Dec.		Jan. 15, 1955
Cooper-Jal	10000	Sept.			October 15, 1954
Eunice	6000	Oct.	Nov.	Dec.	January 15, 1955
Monument	3000	July	Aug.	Sept.	October 15, 1954
South Eunice	10000	Sept.	Oct.		November 15, 1954
Hardy	10000	Sept.	Oct.		November 15, 1954
Langlie-Mattix	10000	Sept.			October 15, 1954
Leonard	10000	Sept.			October 15, 1954
South Leonard	10000	Sept.			October 15, 1954
Penrose-Skelly	10000	Sept.	Oct.	Nov.	December 15, 1954
Rhodes	10000	Sept.	Oct.		November 15, 1954
GAS POOLS					
Arrow	10000	Oct.	Nov.		December 15, 1954
Eumont	10000	Oct.	Nov.	Dec.	January 15, 1955
Jalmat	10000	Sept.	Oct.	Nov.	December 15, 1954

CUMULATIVE PERTINENT FINDINGS

PAGE 1-13

(2) That under the authority of Rule 601 of Order No. 850, effective January 1, 1950, the Commission instituted proceedings upon its own motion to name, classify and define the limits of all known and producing gas pools in the Counties of Lea, Eddy and Chaves, New Mexico.

R-264

(3) That during the years 1950 and 1951, the Commission did cause exhaustive studies to be made of all then known southeastern New Mexico gas reserves, and at the several hearings in this cause took voluminous testimony of production engineers, geologists and other experts to the end that the producing gas pools in the area aforesaid should be named, defined and properly classified as such in the interests of conservation, prevention of waste, and the protection of correlative rights.

R-264

(c) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Eumont Gas Pool, with the following description:

R-264

(d) That a new pool should be created, classified as a gas pool, with its boundaries defined, and named the Arrow Gas Pool, with the following description:

R-264-A

(2) That by virtue of Order No. R-264 entered February 17, 1953, in Case No. 245, the Commission defined and classified certain gas pools of Lea, Eddy and Chaves Counties, New Mexico, and ordered further testimony taken at the April 16, 1953, Commission hearing in the premises,

(3) That at the April 16, 1953, Commission hearing it was ordered that Cases 245 and 521 be, and they were at that time consolidated for purposes of the record.

(4) That successive hearings were had May 19, June 16, July 16, and August 20, 1953, on the case as consolidated, resulting in Order R-356, being the special "stand-by" rules and regulations in the matter of proration of gas-well gas producible from the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, and as classified and defined in Order R-264.

(5) That by reason of interim development, the areal boundary of the Jalco Gas Pool as fixed by Order R-264 should be extended in accordance with testimony adduced at the hearings.

(6) That the vertical productive limits of the Eumont Gas Pool as fixed by Order R-264 should be changed to include therein all the Queen formation.

R-356

(2) That for the prevention of waste and protection of correlative rights Proper special Rules and Regulations relating to the proration of gas-well gas produced in the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, should be Promulgated.

R-370

(2) That production records of gas wells producing within the Eumont Gas Pool as heretofore designated, classified and difined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, Heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Eumont Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-370 was duly entered by the Commission Order R-370 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Eumont Gas Pool, heretofore established R-370 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Eumont Gas Pool, heretofore established, described and classified as a gas pool

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

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

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

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

(2) That under date of February 17, 1953, the Commission issued its Order No. R-264 creating the Jalco, Langmat, Arrow, and Eumont Gas Pools. That Order R-264 defined the vertical and horizontal limits of the Langmat, Jalco, Eumont and Arrow gas pools and that by subsequent orders the Commission extended the horizontal limits of the Jalco and Eumont Gas Pools and extended the vertical limits of the Eumont Gas Pool.

(3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-368, R-369, R-370 and R-371 and under date of November 10, 1953, the Commission issued its Orders Nos. R-368-A, R-369-A, R-370-A and R-371-A, providing rules, definitions and procedures to be followed in prorating gas in the Jalco, Langmat, Eumont and Arrow gas pools; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.

(4) That the Eumont and Arrow Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order; that the Jalco and Langmat Gas Pools are in fact one common gas reservoir, and said reservoir should be designated the "Jalmat Gas Pool" and delineated as set forth in this order.

(5) That the producing capacity of the gas wells in the Jalmat, Eumont and Arrow Gas Pools is greater than the market demand for gas from each of such pools.

(6) That for the prevention of waste it is necessary to allocate and prorate the gas production among the gas wells in the Jalmat, Eumont and Arrow Gas Pools in accordance with provisions of this order.

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Jalmat, Eumont and Arrow gas pools be prorated in accordance with the terms and provisions of this order.

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Jalmat, Eumont and Arrow gas pools upon a reasonable basis and give appropriate recognition to correlative rights.

(9) That one gas well in the Jalmat, Eumont and Arrow Gas Pools can efficiently drain 640 acres.

(10) That for the prevention of waste, a limiting gas-oil ratio of 10,000-to-1 should be assigned to the units in the following pools, namely: Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool, Rhodes Oil Pool, Jalmat Gas Pool, Arrow Gas Pool and Eumont Gas Pool.

(11) To prevent waste, the vertical limits of the following oil pools namely: Eunice-Monument Oil Pool, Arrowhead Oil Pool, South Eunice Oil Pool, Langlie-Mattix Oil Pool, Cooper-Jal Oil Pool, Rhodes Oil Pool, Eaves Oil Pool, Hardy Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, should be redefined as provided hereinafter in this order so that the vertical limits of the said oil pools will not conflict with the vertical limits of overlying gas pools.

(12) That the horizontal limits of the oil pools named in Finding No. 11 should be defined as hereinafter set forth in this order.

R-520

(16) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.

R-767-A

(2) That the evidence presented proves the justification for the redefining of the vertical and horizontal limits of the Penrose-Skelly Oil Pool, and further justifies the extending of the horizontal limits of the Langlie-Mattix Oil Pool, the abolishing of the Arrow Gas Pool and the extension of the horizontal limits of the Eumont Gas Pool, all as defined in the Notice of Publication.

(2) That, in order to promote a more efficient gas prorationing procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

New Mexico Oil Conservation Commission
New Mexico Oil Conservation Commission

Santa Fe,

Jalmat

Jalmat

Jalmat

Eumont

Eumont

Eumont

Arrow

Arrow

Blinebry

Blinebry

Blinebry

Crosby Der.

Anna Pool

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. 585
Order No. R-371-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-371 was duly entered by the Commission. Order R-371 adopted the general or "stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Arrow Gas Pool, heretofore established. R-371 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Arrow Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Arrow Gas Pool, and should conform, generally with the provisional special rules of Order R-371.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

to a well drilling to or capable of producing from the same pool.

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Arrow Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Arrow Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Arrow Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the

month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-371, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

E. S. Walker, Member

R. R. Spurrier, Secretary and Member

SEAL

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. 521
Order No. R-356

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER ESTABLISHING MEANS AND METHODS
FOR THE PRORATION OF NATURAL GAS IN LEA,
EDDY, CHAVES AND ROOSEVELT COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1953, April 16, 1953, May 19, 1953, June 16, 1953, July 16, 1953, and August 20, 1953, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 28th day of August, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received in the hearings, 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 the cause and the subject matter thereof.

(2) That for the prevention of waste and protection of correlative rights proper special Rules and Regulations relating to the proration of gas-well gas produced in the gas pools of Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, should be promulgated.

IT IS THEREFORE ORDERED:

SECTION A. That the following rules pertaining to gas well spacing in defined gas pools and acreage requirements for drilling tracts within the defined limits of gas pools in Eddy, Lea, Chaves and Roosevelt Counties, be and the same hereby are adopted effective immediately.

I. WELL SPACING; ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

RULE 1. The Secretary of the Commission shall have authority to grant an exception to the requirements of Statewid Rule 104, Sections (a), (b), (c), and (d),

without notice and hearing where application has been filed in due form, and,

(a) When the necessity for the unorthodox location is based on topographical conditions, or is occasioned by the recompletion of a well previously drilled to another horizon, and

(b) When either one of the following is applicable:

1. When the ownership of all oil and gas leases within a radius of 1320 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location.

2. When all owners of oil and gas leases within such radius consent in writing to the proposed location.

(The above provisions of Rule 1 supersede Rule 104 (f).)

RULE 2. The provisions of Statewide Rule 104 Paragraph (k), shall not apply to gas pools located in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

SECTION B. That the following rules shall apply to defined gas pools in Eddy, Lea, Chaves and Roosevelt Counties only after hearings are held and an order issued on each individual pool. These rules shall be considered as "standby rules" and shall be used as a guide in establishing pool rules.

II. GAS PRORATION.

RULE 3. At such time as the Commission determines that allocation of gas production from gas wells producing from any pool in this four-county area is necessary to prevent waste or to protect correlative rights, the Commission, after notice and hearing, shall consider the nominations of gas purchasers from such gas pool and other relevant data, and shall fix the allowable production of such pool, and shall allocate production among the gas wells in such pool upon a reasonable basis with due regard to correlative rights. Unless special pool rules are adopted as provided in Rule 4 below, the general provisions of this rule shall apply to each gas pool allocated under this rule.

RULE 4. After notice and hearing, the Commission, in order to protect correlative rights, or prevent waste, or both, may promulgate special rules, regulations or orders pertaining to any gas pool.

(The above provisions of Rules 3 and 4 supersede Statewide Rule 602)

III. PRORATION UNITS.

RULE 5. For the purpose of gas allocation in the absence of special pool rules a standard proration unit shall consist of between 158 and 162 contiguous surface acres

substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys; provided, however, that a gas proration unit other than a legal quarter section may be formed after notice and hearing by the Commission, or after the Commission has been furnished waivers from all offsetting operators, if all acreage is contiguous and does not contain more than four legal quarter-quarter sections and/or lots. Any allocation unit containing less than 158 acres or more than 162 acres shall be a non-standard unit and its allowable shall be decreased or increased to that proportion of the standard unit allowable that the number of acres contained therein bears to 160 acres. Any standard proration unit consisting of between 158 and 162 contiguous surface acres shall be considered as containing 160 acres for the purpose of gas allocation.

IV. GAS ALLOCATION.

RULE 6. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from each gas pool from which it purchases gas. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 7. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from each gas pool from which it purchases gas. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable.

RULE 8. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units; provided that for this purpose standard units shall be as defined in Rule 5 above. More than one proration unit or fractional parts thereof may be assigned to a gas well and the allowables assigned said well may be increased proportionately, provided that:

a. No more than 640 acres shall be assigned to any one well.

b. All acreage in such units may reasonably be presumed to be productive of gas.

c. The multiple unit so formed shall not have an overall length or width exceeding 5,280 feet.

d. Where not more than two proration units are assigned to a well, the well shall not be located closer than 660 feet to the longest boundary of the pooled units nor less than 1320 feet from the shortest boundary of the pooled units. Where three or more units are pooled the well shall not be located closer than 1320 feet to the outer boundary of the pooled unit.

e. Exceptions to the provisions of this rule may be granted by the Commission after notice and hearing or after the Commission has been furnished waivers by all offsetting operators.

(The above provisions of Rules 6, 7 and 8 supersede Statewide Rule 502)

V. BALANCING OF PRODUCTION.

RULE 9. Underproduction: The dates 7:00 A.M. January 1 and 7:00 A.M. July 1 shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said over production until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

(The above provisions of Rules 9 and 10 supersede Statewide Rule 604)

VI. GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

VII. REPORTING OF PRODUCTION.

RULE 13. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

VIII. DEFINITIONS.

RULE 14. A gas well shall mean a well producing gas or natural gas from a common source of gas supply from a gas pool determined by the Commission.

(The above Rule supersedes Statewide Definition A-24)

RULE 15. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

Arrow

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 585
Order No. R-371

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE ARROW GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Arrow Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Arrow Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made

the special rules and regulations of the Arrow Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Arrow Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m., on October 28, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

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. 673
ORDER NO. R-520

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF THE
OIL CONSERVATION COMMISSION, AND/OR
PROMULGATING RULES AND REGULATIONS,
RELATING TO GAS POOL DELINEATION, GAS
PRORATION, AND OTHER RELATED MATTERS,
AFFECTING OR CONCERNING THE JALCO,
LANGMAT, EUMONT, AND ARROW GAS POOLS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1954, April 15, 1954, May 10, 1954, and May 11, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 12th day of August, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under date of February 17, 1953, the Commission issued its Order No. R-264 creating the Jalco, Langmat, Arrow, and Eumont Gas Pools. That Order R-264 defined the vertical and horizontal limits of the Langmat, Jalco, Eumont and Arrow gas pools and that by subsequent orders the Commission extended the horizontal limits of the Jalco and Eumont Gas Pools and extended the vertical limits of the Eumont Gas Pool.

(3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-368, R-369, R-370 and R-371 and under date of November 10, 1953, the Commission issued its Orders Nos. R-368-A, R-369-A, R-370-A and R-371-A, providing rules, definitions and procedures to be followed in prorating gas in the jalco, Langmat, Eumont and Arrow gas pools; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.

(4) That the Eumont and Arrow Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order; that the Jalco and Langmat Gas Pools are in fact one common gas reservoir, and said reservoir should be designated the "Jalmat Gas Pool" and delineated as set forth in this order.

(5) That the producing capacity of the gas wells in the Jalmat, Eumont and Arrow Gas Pools is greater than the market demand for gas from each of such pools.

(6) That for the prevention of waste it is necessary to allocate and prorate the gas production among the gas wells in the Jalmat, Eumont and Arrow Gas Pools in accordance with provisions of this order.

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Jalmat, Eumont and Arrow gas pools be prorated in accordance with the terms and provisions of this order.

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Jalmat, Eumont and Arrow gas pools upon a reasonable basis and give appropriate recognition to correlative rights.

(9) That one gas well in the Jalmat, Eumont and Arrow Gas Pools can efficiently drain 640 acres.

(10) That for the prevention of waste, a limiting gas-oil ratio of 10,000-to-1 should be assigned to the units in the following pools, namely: Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool, Rhodes Oil Pool, Jalmat Gas Pool, Arrow Gas Pool and Eumont Gas Pool.

(11) To prevent waste, the vertical limits of the following oil pools namely: Eunice-Monument Oil Pool, Arrowhead Oil Pool, South Eunice Oil Pool, Langlie-Mattix Oil Pool, Cooper-Jal Oil Pool, Rhodes Oil Pool, Eaves Oil Pool, Hardy Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, should be redefined as provided hereinafter in this order so that the vertical limits of the said oil pools will not conflict with the vertical limits of overlying gas pools.

(12) That the horizontal limits of the oil pools named in Finding No. 11 should be defined as hereinafter set forth in this order.

(13) That the Falby-Yates Oil Pool should be abolished.

(14) That in the interests of conservation, the special rules hereinafter set forth governing the production of oil from wells completed within the vertical and horizontal limits of the Jalmat, Eumont and Arrow gas pools should be adopted.

(15) That for the prevention of waste and the protection of correlative rights, the special rules contained in this order should be adopted to govern the production of oil from wells completed or recompleted in such a manner that the bore hole of the well is open in both the upper gas pools and the underlying oil pools.

(16) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.

IT IS THEREFORE ORDERED:

(1) That the Jalmat Gas Pool be and the same hereby is created. The vertical limits of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100

feet above the base of the Seven Rivers formation, thereby including all of the Yates formation. The horizontal limits of the Jalmat Gas Pool shall be the area as described in Exhibit "A" attached hereto and made a part hereof.

(2) That the vertical limits of the Eumont Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Eumont Gas Pool shall be the area as described in Exhibit "B" attached hereto and made a part hereof.

(3) That the vertical limits of the Arrow Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Arrow Gas Pool shall be the area as described in Exhibit "C" attached hereto and made a part hereof.

(4) That the vertical limits of the Eunice-Monument Oil Pool, heretofore created, shall include all of the Grayburg and San Andres formations. The horizontal limits of the Eunice-Monument Oil Pool shall be the area as described in Exhibit "D" attached hereto and made a part hereof.

(5) That the vertical limits of the Arrowhead Oil Pool shall include all of the Grayburg formation.

(6) That the vertical limits of the following oil pools, heretofore created, defined and described shall extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation.

Cooper-Jal Oil Pool
South Eunice Oil Pool
Langlie-Mattix Oil Pool

(7) That the horizontal limits of the Cooper-Jal Oil Pool shall be the area as described in Exhibit "E" attached hereto and made a part hereof.

(8) That the horizontal limits of the Langlie-Mattix Oil Pool shall be the area as described in Exhibit "F" attached hereto and made a part hereof.

(9) That the horizontal limits of the South Eunice Oil Pool shall be the area as described in Exhibit "G" attached hereto and made a part hereof.

(10) That no gas, either dry gas or casinghead gas, shall be flared or vented in the following pools unless specifically authorized by order of the Commission after notice and hearing:

Eunice-Monument Oil Pool
South Eunice Oil Pool
Hardy Oil Pool
Penrose-Skelly Oil Pool
Cooper-Jal Oil Pool
Arrowhead Oil Pool
Langlie-Mattix Oil Pool
Rhodes Oil Pool
Leonard Oil Pool
South Leonard Oil Pool

Eaves Oil Pool
Arrow Gas Pool
Eumont Gas Pool
Jalmat Gas Pool

This rule shall become effective November 1,1954. Any operator desiring to obtain exception from the provisions of this rule shall apply for hearing prior to September 15, 1954. All operators shall file Form C-110, in duplicate, designating thereon the disposition of all dry gas or casinghead gas from each well in each pool listed above. Within 15 days after completion of any oil or gas well within the boundaries of the above listed pools, the operator shall file Form C-110 designating the disposition of gas from the well.

Failure to comply with the provisions of this rule within the prescribed time limits will result in the suspension of any further allowable. Extraction plants procecessing any gas from any of the above designated pools shall comply with the "no-flare" provisions of this rule, provided however, that the restriction may be lifted when mechanical difficulties arise or when the gas flared is of no commercial value.

(11) That oil wells producing from the following named pools shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505; Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool and Rhodes Oil Pool.

(12) That the Falby-Yates Oil Pool as heretofore created, defined and described shall be abolished and all oil wells presently producing from the Falby-Yates Oil Pool shall be governed by the applicable rules of the Jalmat Gas Pool.

(13) That that portion of the Rhodes Storage Area lying within the defined limits of the Jalmat Gas Pool shall be exempted from the applicable provisions of the Jalmat Gas Pool Rules. The Rhodes Storage Area shall include the following described area:

TOWNSHIP 26 South, RANGE 37 East, NMPM
Sec. 4: W/2 NW/4, SE/4 SE/4, W/2 SE/4, SW/4;
Sec. 5: All
Sec. 6: NE/4 NW/4, NE/4, SE/4 SE/4, N/2 SE/4
Sec. 7: NE/4 NE/4
Sec. 8: N/2, N/2 S/2, SE/4 SW/4, S/2 SE/4
Sec. 9: All
Sec. 10: W/2 NW/4, SE/4 NW/4, S/2
Secs. 15 & 16: All
Sec. 17: E/2 NW/4, E/2
Sec. 20: E/2
Secs. 21 & 22: All
Sec. 23: SW/4 NW/4, SW/4
Secs. 26, 27, & 28: All
Sec. 29: E/2 NE/4

That special pool rules applicable to the Jalmat Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR
THE JALMAT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Jalmat Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Jalmat Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Jalmat Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Jalmat Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provision of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Jalmat Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Jalmat Gas Pool and other relevant data and shall fix the allowable production of the Jalmat Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Jalmat Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Jalmat Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalmat Gas Pool. The Commission shall consider the "Prelimin-

ary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Jalmat Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Jalmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction. A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. The monthly gas production from each 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Jalmat Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being

sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Jalmat Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Jalmat Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Jalmat Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the overlying gas pool and the producing zone of the underlying oil pool are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to both the overlying gas pool and the underlying oil pool shall be assigned to either the gas pool or the oil pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before September 15, 1954. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, Gas-Oil Ratio Tests shall be taken in accordance with the provisions of Rule 301 of the Commission's Rules and Regulations.

Gas-Oil Ratio Tests shall be taken in all oil or gas pools in accordance with the attached schedule, (Exhibit H). This schedule supersedes the annual Gas-Oil Ratio test schedule previously issued only where applicable.

The operator of any oil or gas well who has submitted Form C-116 to the Commission during 1954 in compliance with the 1954 Annual Gas-Oil Ratio test schedule previously adopted is exempted from the requirement of taking another Gas-Oil Ratio test during 1954. If the test previously submitted is not complete the Proration Manager shall so advise the operator and the operator shall submit the required test in conformance with the Gas-Oil Ratio test schedule as outlined in Exhibit "H" attached hereto and made a part hereof.

PROVIDED FURTHER, That for gas allocation purposes and assignment of allowables the combination of the Jalco and Langmat gas pools to the Jalmat Gas Pool shall be effective September 1, 1954.

It is recognized that a great many wells will be reclassified and reassigned as a result of the provisions of this order and that the time involved in the reclassification may cause certain inequities; therefore, the Proration Manager is hereby directed to take such action as he deems advisable to prevent inequitable withdrawals.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That special pool rules applicable to the Eumont Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE EUMONT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Eumont Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Eumont Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical con-

ditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Eumont Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Eumont Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Eumont Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont Gas Pool and other relevant data and shall fix the allowable production of the Eumont Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Eumont Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Eumont Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Eumont Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m. , January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponcing size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that is should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after

due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Eumont Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Eumont Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Eumont Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Eumont Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, That special pool rules applicable to the Arrow Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE ARROW GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

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

RULE 2. Each well drilled or recompleted within the Arrow Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Arrow Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Arrow Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Arrow Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard proration unit may be

formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Arrow Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

Location	Maximum Acreage
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Arrow Gas Pool and other relevant data and shall fix the allowable production of the Arrow Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Arrow Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Arrow Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Arrow Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Arrow Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Arrow Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Arrow Gas Pool any well which it finds it being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be

known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability if the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. 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 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Arrow Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Arrow Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas Purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Arrow Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Arrow Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

EXHIBIT "A"

Horizontal limits of the Jalmat Gas Pool

Township 21 South, Range 36 East

All of Section 31
SW/4 of Section 32
All of Secs. 33 and 34

Township 22 South, Range 35 East
E/2 Section 13

Exhibit "A" (Cont'd)

Township 22 South, Range 36 East
All of Secs. 3 through 10, inclusive.
W/2 Sec. 11
W/2 Section 14
All of Secs. 15 through 18, inclusive
NE/4 Sec. 19
All of Secs. 20 through 23, inclusive
W/2 Sec. 24
All of Secs. 25 through 29, inclusive
All of Secs. 32 through 36, inclusive

Township 22 South, Range 37 East
SW/4 Sec. 31

Township 23 South, Range 36 East
All of Secs. 1 through 4, inclusive
N/2 and SE/4 Sec. 5
E/2 Sec. 8
All Secs. 9 through 16, inclusive
NE/4 Sec. 17
All Secs. 21 through 27, inclusive
E/2 Sec. 28
E/2 Sec. 33
All Secs. 34, 35 and 36

Township 23 South, Range 37 East
All Secs. 6, 7, S/2 Sec. 8
All Secs. 17 through 21, inclusive
All Secs. 28 through 33, inclusive

Township 24 South, Range 36 East
All of Secs. 1, 2, and 3
E/2 Sec. 4
NE/4 Sec. 9
N/2, SE/4 Sec. 10
All of Secs. 11 through 14, inclusive
E/2 Sec. 15
All Secs. 22 through 26, inclusive
E/2 Sec. 27
E/2 Sec. 34
All Secs. 35 and 36

Township 24 South, Range 37 East
All of Secs. 5, 6, 7 and 8
W/2 Sec. 9
W/2 Sec. 16
All of Secs. 17 through 23, inclusive
All of Secs. 26 through 35, inclusive

Township 25 South, Range 36 East
All of Sec. 1
N/2 Sec. 2
All of Secs. 12, 13, 24 and 25
NE/4 Sec. 36

Township 25 South, Range 37 East
All Sec. 2 through 33, inclusive
W/2 Sec. 34

Exhibit "A" (Cont'd)

Township 26 South, Range 37 East
W/2 Sec. 3
All Secs. 4 through 9, inclusive
W/2 Sec. 10
All of Secs. 15 through 22, inclusive
All Secs. 27, 28 and 29
N/2, SE/4 Sec. 30
E/2 Sec. 31
All of Secs. 32, 33 and 34

EXHIBIT "B"

Horizontal limits of the Eumont Gas Pool

Township 19 South, Range 36 East
All of Secs. 12, 13, 14, 23, 24, 25, 26
E/2 Sec. 27
E/2 Sec. 34
All of Secs. 35 and 36

Township 19 South, Range 37 East
W/2 Sec. 4
E/2 Sec. 5
All of Secs. 7, 8, 17, 18, 19, 20
W/2 Sec. 9
W/2 Sec. 21
W/2 Sec. 27
All of Secs. 28, 29, 30, 31, 33 and 34

Township 20 South, Range 36 East
All of Secs. 1, 2
E/2 Sec. 3
E/2 Sec. 10
All of Secs. 11, 12, 13 and 14
NE/4 Sec. 15
N/2 and SE/4 Sec. 23
All of Secs. 24 and 25
E/2 Sec. 26
E/2 Sec. 35
All Sec. 36

Township 20 South, Range 37 East

W/2 Sec. 2
All of Secs. 3 through 10, inclusive
W/2 Sec. 11
All of Secs. 15 through 22, inclusive
S/2 Sec. 23
All of Secs. 26 through 35, inclusive
W/2 Sec. 36

Township 21 South, Range 35 East
All of Sec. 1
SE/4 Sec. 2

Exhibit "B" (Cont'd)

Township 21 South, Range 35 East (cont'd)
NE/4 Sec. 11
All of Sec. 12
All of Secs. 13 and 24

Township 21 South, Range 36 East
All of Secs. 1 through 21, inclusive
N/2 and SW/4 Sec. 22
W/2 Sec. 27
All of Secs. 28, 29 and 30
N/2 and SE/4 Sec. 32

Township 21 South, Range 37 East
All of Secs. 7 and 18

EXHIBIT "C"

Township 21 South, Range 36 East
SE/4 Sec. 24
All Sec. 25
E/2 Sec. 26
NE/4 and S/2 Sec. 35
All Sec. 36

Township 22 South, Range 36 East
All of Secs. 1 and 2
NE/4 Sec. 11
All of Sec. 12
N/2 and SE/4 Sec. 13

Township 22 South, Range 37 East
W/2 Sec. 7
All Sec. 18
N/2 Sec. 19

EXHIBIT "D"

Horizontal limits of the Eunice-Monument Oil Pool

Township 19 South, Range 36 East
E/2 Sec. 12
All of Sec. 13
All Secs. 23 through 27, inclusive
All Secs. 34, 35 and 36

Township 19 South, Range 37 East
SW/4 Sec. 3
S/2 Sec. 4
All of Secs. 7 and 8
W/2 Sec. 9
W/2 Sec. 16
All Secs. 17 through 21, inclusive
S/2 Sec. 27
All Secs. 28 through 34, inclusive

Exhibit "D" (Cont'd)

Township 20 South, Range 36 East
All Secs. 1, 2 and 3
All Secs. 10 through 14, inclusive
E/2 Sec. 15
All Secs. 23 through 26, inclusive
E/2 Sec. 27
All Secs. 35 and 36

Township 20 South, Range 37 East
All Secs. 3 through 10, inclusive
All Secs. 15 through 21, inclusive
W/2 Sec. 22
All Secs. 29 through 33, inclusive

Township 21 South, Range 35 East
All Secs. 1, 12, 13, 24
E/2 Sec. 25

Township 21 South, Range 36 East
SW/4 Sec. 1
All of Secs. 2 through 11, inclusive
W/2 Sec. 12
W/2 Sec. 13
All Sec. 14 through 22, inclusive
NW/4 Sec. 23
W/2 Sec. 27
All Secs. 28, 29 and 30
N/2 and SE/4 Sec. 32
All Sec. 33
W/2 Sec. 34

EXHIBIT "E"

Horizontal limits of the Cooper-Jal Oil Pool

Township 23 South, Range 36 East
All of Secs. 4, 5, 8, 9, 15, 16, 17, 20, 21, 22, 27, 28, 33 and 34

Township 24 South, Range 36 East
W/2 Sec. 2
All of Secs. 3 and 4
N/2 Sec. 9
All Sec. 10
W/2 Sec. 11
SW/4 Sec. 13
All Secs. 14 and 15
All Secs. 22, 23
NW/4 and W/2 SW/4 Sec. 24
W/2 Sec. 25
All Secs. 26, 27, 34 and 35
W/2 Sec. 36

Township 25 South, Range 36 East
All Secs. 1, 2, 3, 11, 12, 13, 14, 23, 24, 25, 26 and 36

Township 25 South, Range 37 East
SW/4 Sec. 6
W/2 Sec. 7
W/2 Sec. 18
W/2 and W/2 E/2 Sec. 19
W/2 Sec. 30
All Sec. 31
SW/4 Sec. 32

EXHIBIT "F"

Horizontal limits of the Langlie-Mattix Oil Pool

Township 23 South, Range 36 East
All of Secs. 1, 2, 3, 10, 11, 12, 13, 14, 23, 24, 25, 26, 35 and 36

Township 23 South, Range 37 East
W/2 Sec. 6
All of Secs. 7, 18, 19
W/2 W/2 Sec. 26
All Sec. 27
S/2 Sec. 28
All Secs. 29 through 35, inclusive

Township 24 South, Range 36 East
All Sec. 1
E/2 Sec. 2
E/2 Sec. 11
All Sec. 12
N/2 and SE/4 Sec. 13
E/2 and E/2 SW/4 Sec. 24
E/2 Sec. 25
E/2 Sec. 36

Township 24 South, Range 37 East
All of Secs. 2 through 11, inclusive
All of Secs. 14 through 23, inclusive
SW/4 Sec. 25
All Secs. 26 through 35, inclusive
W/2 Sec. 36

Township 25 South, Range 37 East
All of Secs. 2 through 5, inclusive
N/2 and SE/4 Sec. 6
E/2 Sec. 7
All of Secs. 8 through 11, inclusive
W/2 Sec. 13
All Secs. 14 through 17, inclusive
E/2 Sec. 18
E/2 E/2 Sec. 19
All Secs. 20 through 23, inclusive
W/2 Sec. 24
All Sec. 25

Exhibit "F" (Cont'd)

Township 25 South, Range 37 East (Cont'd)
All Secs. 26 through 29, inclusive
E/2 Sec. 30
N/2, SE/4 Sec. 32
All Secs. 33, 34 and 35
W/2 Sec. 36

Township 26 South, Range 37 East
NW/4 Sec. 1
NE/4 Sec. 2

EXHIBIT "G"

Horizontal limits of the South Eunice Oil Pool

Township 21 South, Range 35 East
E/2 Sec. 36

Township 21 South, Range 36 East
All Sec. 31
SW/4 Sec. 32

Township 22 South, Range 35 East
E/2 Sec. 1

Township 22 South, Range 36 East
W/2 Sec. 3
All Secs. 4 through 10, inclusive
SW/4 Sec. 11
W/2 Sec. 14
All Secs. 15 through 23, inclusive
All Secs. 25 through 29, inclusive
E/2 Sec. 30
NE/4 Sec. 31
All Secs. 32 through 36, inclusive

EXHIBIT "H"
GAS-OIL RATIO TEST SCHEDULE

NAME OF POOL	GOR LIMIT	TEST PERIOD			DEADLINE FOR FILING FORM C-116
Oil Pools					
Arrowhead	3500	Nov.	Dec.		Jan. 15, 1955
Cooper-Jal	10000	Sept.			October 15, 1954
Eunice	6000	Oct.	Nov.	Dec.	January 15, 1955
Monument	3000	July	Aug.	Sept.	October 15, 1954
South Eunice	10000	Sept.	Oct.		November 15, 1954
Hardy	10000	Sept.	Oct.		November 15, 1954
Langlie-Mattix	10000	Sept.			October 15, 1954
Leonard	10000	Sept.			October 15, 1954
South Leonard	10000	Sept.			October 15, 1954
Penrose-Skelly	10000	Sept.	Oct.	Nov.	December 15, 1954
Rhodes	10000	Sept.	Oct.		November 15, 1954
GAS POOLS					
Arrow	10000	Oct.	Nov.		December 15, 1954
Eumont	10000	Oct.	Nov.	Dec.	January 15, 1955
Jalmat	10000	Sept.	Oct.	Nov.	December 15, 1954

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

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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. 673
ORDER NO. R-520-A

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF THE
OIL CONSERVATION COMMISSION, AND/OR
PROMULGATING RULES AND REGULATIONS,
RELATING TO GAS POOL DELINEATION, GAS
PRORATION, AND OTHER RELATED MATTERS,
AFFECTING OR CONCERNING THE JALCO, LANGMAT,
EUMONT, AND ARROW GAS POOLS, LEA COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order No. R-520, dated August 12, 1954, and heretofore entered in the records of the Commission on August 16, 1954, does not correctly and accurately state the order of the Commission in certain particulars due to inadvertence and clerical error,

IT IS THEREFORE ORDERED:

1. That Order No. R-520, as the same appears in the records of the Commission, and the original of said Order, be amended in the following respects and particulars:

(a) At page 4, (10), paragraph 2, line 3 of the order entered in the Commission's records on August 16, 1954, and at page 4, line 4 of the original signed order, the word "duplicate" is ordered stricken and the word "quadruplicate" is substituted therefor.

(b) At pages 7, 14, and 19 in GAS PRORATION, RULE 5 (b), #5 of the order entered on August 16, 1954, and at pages 6, 12, and 16 of the original signed order, pertaining to the Jalmat, Eumont and Arrow Gas Pools, respectively, the words "quarter sections" are ordered stricken, and the word "section" is substituted therefor.

(c) At page 28 of the order entered August 16, 1954, and at page 23 of the original signed order, the following words, namely, "Horizontal Limits of the Arrow Gas Pool" are ordered inserted beneath the words 'Exhibit "C"'.

IT IS FURTHER ORDERED: That the corrections and changes set forth in this order be entered nunc pro tunc in the original order as of August 12, 1954, and in the records of the Commission as of August 16, 1954, the date of entry of said original order. DONE at Santa Fe, New Mexico, on this 31st day of August, 1954. s/ E. L. Mechem; E. S. Walker; W. B. Macey.

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. 756
Order No. R-533

THE APPLICATION OF AMERADA PETROLEUM CORPORATION FOR AN ORDER ESTABLISHING AN UNORTHODOX PRORATION UNIT IN THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM, BRONCO-SILURO-DEVONIAN POOL, LEA COUNTY, NEW MEXICO, BEING THE SW/4 AND LOT 2 OF SAID QUARTER SECTION, CONTAINING 66.61 ACRES OF LAND, MORE OR LESS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 18, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 4th day of October, 1954, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the S/2 of the NE/4 of Section 11, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, is composed of the SW/4 NE/4 containing 40 acres of land and Lot 2 containing 26.61 acres of land.

(3) That the acreage in question lies within the defined limits of the Bronco-Siluro-Devonian Pool.

(4) That a well drilled on Lot 2 would be entitled to only approximately 27/40 of the allowable assigned to a full 40-acre unit.

(5) That the land in question lies adjacent to the State line between Texas and New Mexico, and that approval of this application would not be contrary to the provisions of the Bronco-Siluro-Devonian Pool rules as adopted by the Railroad Commission of Texas and this Commission.

(6) That Amerada Petroleum Corporation is the owner of an oil and gas lease covering, among other lands, the S/2 of the NE/4 of Section 11, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, and that applicant has heretofore completed a well in the SW/4 NE/4 of said Section 11, the well known as the Federal "B", No. 1, being completed in the common source of supply heretofore designated as the Bronco-Siluro-Devonian Pool.

(7) That applicant's well, Federal "B", No. 1, will efficiently and economically drain the proposed proration unit; that the formation of the proposed unit will not result in waste, but will prevent the drilling of unnecessary wells and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Amerada Petroleum Corporation for approval of an unorthodox proration unit consisting of the following acreage:

TOWNSHIP 13 South, RANGE 38 East, NMPM
Lot 2 and the SW/4 NE/4 of Section 11

be, and the same hereby is approved, and a proration unit of the aforesaid acreage is hereby created.

(2) That applicant's well, Federal "B , No. 1, located in the SW/4 NE/4 of Section 11, Township 13 South, Range 38 East, NMPM, shall be granted an allowable effective October 1, 1954, in the proportion that the above-described 66.61-acre unit bears to the standard proration unit for said pool.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Secretary and Member

S E A L

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1164
Order No. R-967

APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS
OWN MOTION FOR AN ORDER REVISING THE
SPECIAL RULES AND REGULATIONS FOR ALL
PRORATED GAS POOLS IN THE STATE OF
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of April 1957, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That, in order to promote a more efficient gas prorationing procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

IT IS THEREFORE ORDERED:

(1) That Commission Order R-128-D dated October 13, 1955, amending the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool as set forth in Commission Order R-110, dated November 9, 1951, be and the same is hereby amended as follows:

RULE 3 - R-128-D

In the event a gas purchasers' market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 4 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 4 - R-128-D

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for

that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 5 - R-128-D

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 5-A - R-128-D

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above.

RULE 6 - R-128-D

Underproduction: Any non-marginal 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.

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.

RULE 7 - R-128-D

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowables.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 9 - (Second Paragraph) R-128-D

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 5 of this order.

(2) That the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, and South Blanco-Pictured Cliffs Gas Pool as set forth in Commission Order R-565-C, dated October 13, 1955, and the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool as set forth in Commission Order R-566-D, dated October 13, 1955; and the Special Rules and Regulations for the Ballard Pictured Cliffs Pool as set forth in Commission Order R-846, dated July 18, 1956, be and the same are hereby amended as follows:

RULE 8 - R-565-C, R-566-D, and R-846

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas be actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is

necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 9 - R-565-C, R-566-D and R-846

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 10 - 565-C, R-566-D & R-846

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 10A - R-565-C, R-566-D & R-846

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

RULE 11 - R-565-C, R-566-D, & R-846

Underproduction: Any non-marginal 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.

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.

RULE 12 - R-565-C, R-566-D & R-846

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 14 - R-565-C, R-566-D, & R-846

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

(3) That the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as set forth in Order R-520, dated August 12, 1954, and the Special Rules and Regulations for the Tubb, Byers-Queen and Justis Gas Pools as set forth in Order R-586, dated April 11, 1955 be and the same are amended as follows:

RULE 6 - R-520 and R-586

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other relevant data and shall fix the allowable production for the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an

allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

RULE 8 -- R-520 and R-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION

RULE 8-A - R-520 and R-586

The dates 7:00 a.m., January 1, and 7:00 a.m. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal 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.

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.

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is made up. If at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration peripd 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

(4) That the Special Rules and Regulations for the Blinebry Gas Pool as set forth in Order R-610, dated April 11, 1955, as amended by Order R-610-A, dated May 27, 1955, Order R-610-B, dated June 13, 1955, Order R-610-C, dated January 9, 1956, and Order R-610-D, dated February 26, 1957, be and the same are amended as follows:

RULE 10 - R-610

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production for the Blinebry Gas Pool.

(b) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

RULE 12 - R-610

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blinebry Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of

the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION
RULE 12-A - R-610

The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 13 - R-610

Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry 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.

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.

RULE 14 - R-610

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is over-produced less than 6 times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shutin upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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SOUTHEASTERN N. MEX. PRORATION ORDERS
R-368 to R-376-A

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. 529
Order No. R-333

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER REVISING RULE 401, RULE 402 AND RULE 1121 OF THE COMMISSION'S RULES AND REGULATIONS TO PROVIDE FOR GAS WELL TESTING PROCEDURE APPLICABLE TO GAS WELLS COMPLETED IN SAN JUAN, RIO ARRIBA AND McKINLEY COUNTIES, NEW MEXICO; AND PROVIDING FOR A FORM C-122-A TO BE USED IN REPORTING THE RESULTS OF SUCH TESTS WITH CERTAIN EXCEPTIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. April 16, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 17th day of June, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That by reason of the unusual character of the gas-producing formations in the San Juan Basin area of San Juan, Rio Arriba and McKinley Counties, New Mexico, the existing statewide rules and regulations of the Commission in the matter of gas well testing procedure are inapplicable in said San Juan Basin area, and, there is need for the promulgation of special rules governing such testing procedure in the area aforesaid for the prevention of waste and the protection of correlative rights.

(3) That it is essential in view of the necessity for special procedural rules that an appropriate form for reporting such required tests be devised and adopted.

IT IS THEREFORE ORDERED: That the following Special Rules and Regulations governing gas well testing in the said San Juan Basin (counties of San Juan, Rio Arriba and McKinley, New Mexico) be, and the same hereby are promulgated and

adopted as an exception to the general statewide rules and regulations of this Commission relating to gas well testing procedures (Rules 401, et seq.):

GAS WELL TESTING RULES AND PROCEDURES FOR SAN JUAN BASIN AREA

SECTION A. TYPE OF GAS WELL TESTS REQUIRED:

(1) THE INITIAL POTENTIAL TESTS: An "open flow" test and a "shut-in pressure" test shall be made immediately upon completion of each gas well.

(2) ORIGINAL DELIVERABILITY, AND SHUT-IN PRESSURE TESTS:

A deliverability (flow) and a shut-in pressure test shall be made and completed on each gas well within ninety (90) days after the first delivery of gas therefrom into a pipeline, and following a minimum of twenty (20) days continuous production. Report of such tests shall be made to the Commission upon official Form C-122-A, marked "Original", within the month next after such tests are completed.

(3) ANNUAL DELIVERABILITY, AND SHUT-IN PRESSURE TESTS:

Annual deliverability tests and shut-in pressure tests are required to be made during the period from April 1 through October 31 of each year of all producing wells; provided, however, that for new wells the original deliverability and shut-in pressure tests thereof are in lieu of the annual tests for the year in which such well or wells are completed; results of these annual tests are required to be filed with the Commission on Form C-122-A, marked "Annual", within the month next after completion of such tests.

(4) SCHEDULE OF TESTS:

Within thirty (30) days after the effective date of this order and, on or before February 15th of each succeeding year thereafter, the pipeline companies receiving gas from wells to be tested shall, in cooperation with their respective operators, submit a testing schedule for the annual deliverability and shut-in pressure tests for all wells connected to their respective pipeline systems; such test schedules shall be promptly filed with the Commission for approval, and, if approved, the Commission shall furnish each operator, as identified by lists of names and addresses furnished by the respective pipe line companies, with a copy of such schedule as approved by the Commission, or a part thereof pertinent to such operator's wells, immediately, in the first instance and thereafter, on or before March 15th, of each succeeding year. In any case where original deliverability and shut-in pressure tests for new wells are to serve as the first annual tests, then and in that event the operator shall notify the Commission in writing at least five (5) days before the commencement of the tests.

In event changes for substantial reasons are necessary in the annual test schedule, the Commission shall be notified fifteen (15) days before tests are scheduled to commence.

(5) WHO MAY WITNESS TESTS: Any Initial Potential Test, Original or Annual Deliverability, and shut-in pressure test may be witnessed by any or all of the following: a competent representative of the Commission, an offset operator, a representative of the pipe line company taking gas from an offset operator, or a representative of a pipe line company taking gas from the well under test.

Deliverability tests required hereinabove in Paragraphs (2) and (3) of this section shall determine the calculated deliverability of each gas well, which shall be reported to the Commission by converting actual deliverability against existing line pressures to the calculated deliverability at a pressure equal to fifty (50) percent of the shut-in pressure of each well in the manner hereinafter specified below. Such calculated deliverability so determined, and hereinafter so referred to, shall not be considered as the actual deliverability of any well into a gas transportation facility, but shall be used by the Commission as an index to determine the well's ability to produce at assumed line pressures, as compared to other wells in the pool under like conditions.

SECTION B. PROCEDURES FOR TESTS:

The several known gas producing formations of the San Juan Basin represent a variety of testing situations, and each is treated separately.

I. MESAVERDE FORMATION:

(1) INITIAL POTENTIAL TEST: The initial potential test in the Mesaverde Formation shall be made after a minimum shut-in time of seven (7) days. The shut-in pressure will be measured by the use of a dead-weight gauge. The open flow shall be determined by a pitot tube measurement after unrestricted flowing of the gas to the air for a period of three (3) hours; the flow nipple shall be at least eight (8) diameters long. The pitot tube shall be constructed of either one-fourth (1/4) inch or one-eight (1/8) inch pipe (nominal diameter). Standard tables (Reid's) will be provided by the Commission, on request.

This test shall be reported on regular Commission Form C-104, or U. S. G. S. Form 9-330, dependent on the land ownership status upon which the well is located.

The following data is required to be reported immediately to the Commission:

(a) The open flow in MCF per day, calculated by the use of Reid's Tables.

(b) The shut-in well head casing and tubing pressure, psig.

(c) The actual length of time well is shut-in before test.

(2) ORIGINAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS:

The procedure and method for the original deliverability and shut-in pressure tests is hereinbelow described under annual deliverability tests, etc.

(3) THE ANNUAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS:

(a) These tests shall be taken by unrestrictedly producing the well into the pipe line. The daily flowing rate shall be determined from an average of seven (7) consecutive producing days, following a minimum of twenty (20) consecutive days continuous production. All such production during the twenty (20) day conditioning period plus the seven (7) day deliverability test period shall be at working well head pressures not in excess of seventy-five (75) per cent of the previous annual seven (7) day shut-in pressure of such well if such previous annual shut-in pressure information is available; otherwise, the seven (7) day initial potential shut-in pressure of such well shall be used.

The working well head pressure (P_w) of any well under test shall be determined to be the seven (7) day average tubing pressure if the well is flowing through the casing; or the seven (7) day average casing pressure if the well is flowing through the tubing.

To obtain the shut-in pressure of a well under test the well shall be shut-in immediately after the seven (7) day deliverability test for the full period of seven (7) consecutive days. Such shut-in pressure shall be measured within the next succeeding twenty-four (24) hours following the seven (7) day shut-in period aforesaid.

All well-head pressures as well as the flowing meter pressure tests which are to be taken at the end of the seven (7) day deliverability test period, as required hereinabove shall be taken with a dead-weight gauge.

Orifice meter charts shall be used to obtain the average differential and flowing meter pressures, which pressures are to be used for calculating the average seven (7) day deliverability volume of flow by using the Basic Orifice Meter Formula $Q_h = C' \sqrt{h_w p_f}$. Orifice meter charts shall be changed, and so arranged as to reflect upon a single chart the flow data of gas from each well for the full seven day deliverability test period. Corrections shall be made for pressure base, measured flowing temperature, specific gravity and supercompressibility (superexpansibility), provided however, that if the specific gravity of gas from any well under test is not available, then and in that event an estimated specific gravity may be assumed therefor, based upon that of gas from nearby wells, the specific gravity of which has been actually determined by measurement.

The basic orifice flow factor (flow coefficient), pressure base factor, flowing temperature factor, and specific gravity factor shall be determined by the

use of the respective tables published in "Gas Measurement Committee Report No. 2" (revised, 1948) of the American Gas Association, New York 17, New York. The tables for the aforementioned factors and the method of computation of gas volumes through orifice flow meters contained in the aforesaid Report No. 2, are hereby approved.

Correction shall be made for supercompressibility (deviation from Boyle's law) for flowing meter pressures in excess of 100 psig. by the use of Simplified Supercompressibility Tables, compiled from C.N.G.A. Bulletins TS-402 and TS-461, published by John P. Squiers Company, Dallas, Texas; or California Natural Gasoline Association, Los Angeles, California, Bulletin TS-402 for flowing meter pressures from 100 to 500 psig. and bulletin TS-461, ibid., for flowing meter pressures in excess of 500 psig.

When supercompressibility (superexpansibility) correction is made for a gas containing either nitrogen, carbon dioxide or hydrogen sulfide in excess of 2 per cent. The pseudocritical pressure and temperature properties of such gas shall be corrected by the use of Table V of the above mentioned TS-402 for pressure 100-500 psig and TS-461 for pressures in excess of 500 psig.

Deliverability pressure, as used herein for Mesaverde production, is an arbitrary pressure applied to each well and used in the process of comparing the abilities of wells in this formation to produce against a back pressure equal to fifty (50) per cent, of the seven (7) day shut-in pressure of the respective individual wells, but in no case to exceed a maximum of 500 psia.

The "deliverability" of gas at the "deliverability pressure" of any well under test shall be calculated from the test data derived from the tests hereinabove required by use of the back-pressure formula:

$$Q = C\left(P^2_c - P^2_w\right)^n$$

Using point seventy-five (.75) for the exponent "n" by the following formula:

$$D = Q\left[\frac{\left(P^2_c - P^2_d\right)}{\left(P^2_c - P^2_w\right)}\right]^n$$

WHERE:

D = Deliverability at the deliverability pressure, (P_d) MCF/da. (at Standard Condition of 15.025 psia and 60° F)

Q = Daily flow rate in MCF/da. at wellhead pressure (P_w)

P_c = Shut in casing (or tubing) wellhead pressure, psia.

P_d = Deliverability pressure; half of the individual well 7-day shut-in pressure, P_c, psia, not to exceed 500 psia.

P_w = Average wellhead working pressure, as determined from 7-day flow period, psia (casing pressure if flowing through the tubing, or tubing pressure if flowing through the casing).

n = Average pool slope of back pressure curve (0.75 for Mesaverde wells).

(b) In the event it is impossible to measure accurately the pressure of the static column of gas due to packer or bridges in the well bore, then the working wellhead pressure, P_w, shall be determined by adding the calculated pressure drop due to friction in the flowing column of gas to the actual flowing wellhead pressure. The method of determining the loss of pressure due to friction shall be specified on the test data sheet, C-122-A.

(c) Any test hereinabove provided for, except initial potential test, will be considered unacceptable if the average flow rate for the final 7 day deliverability test is 25 per cent in excess of any consecutive 7-day average of the preceding three weeks. A "deliverability test" not meeting this requirement shall be retested.

(d) The original and annual deliverability and shut-in pressure tests as required hereinabove shall be reported upon Commission Form C-122-A and filed with the Commission as provided hereinabove.

(e) All charts relative to original or annual deliverability tests shall be identified by the words "Test Chart No. 1" (2, 3, 4, etc.), and any or all charts or photostats thereof shall be made available to the Commission upon its request.

II. PICTURED CLIFFS FORMATION:

(1) INITIAL POTENTIAL TEST: Same as prescribed for Mesaverde formation; see Section B, subsection I, Mesaverde formation hereinabove. Paragraph 1.

(2) ORIGINAL DELIVERABILITY AND SHUT-IN PRESSURE TEST:

The same as provided in paragraph 3, next below.

(3) ANNUAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS:

In all respects the deliverability and shut-in pressure tests of wells in the Pictured Cliffs formation shall be made in conformity with the procedures set out in Section B, Subsection I, paragraph 3, (a) (b) (c) (d) (e) of the Mesaverde formation procedures, except that in paragraph (a) thereof, the back

pressure formula, the exponent "n" shall have the value of point eighty-five (.85), and the deliverability pressure (P_d) shall be one half (1/2) of the individual well pressure - P_c, psia, but not in excess of 250 psia.

III. FRUITLAND FORMATION:

(1) All initial potential, original and annual deliverability and shut-in pressure tests of gas wells producing from the Fruitland formation shall be identical in all respects to those requirements and procedures hereinabove set out and required for the Pictured Cliffs formation (Section B Subsection II, paragraphs 1-2 and 3).

IV. THE DAKOTA FORMATION: All tests of Dakota wells shall be in conformity with requirements and procedures provided hereinabove for the Mesaverde formation, except as follows:

(1) BARKER DOME - DAKCTA: (Storage Area)

(a) INITIAL POTENTIAL TEST: An average "pool slope", based upon bottom hole conditions, shall be established by the Commission after consideration of data to be provided by the operators; these data shall be based upon tests taken in conformity with the conventional back pressure method, indicated in Commission Rule 401. This "slope" shall be applied to each well in the Barker Dome-Dakota Area, arbitrarily, as if such slope were the actual performance back pressure slope of each such well, in the following manner:

This back pressure slope so established shall be plotted through a point predetermined by one stabilized flow rate at a working well head pressure not in excess of seventy-five (75) per cent of the seven (7) day shut-in pressure of such well.

The flowing volumes (Q) shall be corrected for pressure base, measured flowing temperature, specific gravity and supercompressibility, by the use of methods of calculation and tables hereinabove referred to and approved in Section B, Subsection 3, paragraph (a) Mesaverde procedures.

A seven (7) day shut-in pressure test shall be made for each well in the Barker Dome-Dakota Area, provided however, that where the shut-in period exceeds seven days such fact shall be reported to the Commission.

The values of the seven (7) day shut-in pressure (P_c) and the working well head pressure (P_w) shall be corrected to bottom hole conditions.

A schedule of tests shall be prepared by the transporter and approved by the Commission, and reports of such tests duly filed with the Commission, on form C-122, being the regular statewide form.

(b) ANNUAL POTENTIAL TEST: This test shall be made of all wells producing from the Barker Dome-Dakota storage area by obtaining seven (7) day shut-in pressures of all Dakota wells, converting the same to bottom hole pressures (P_f), computing the squares of such bottom hole pressures, (P_f^2,) and applying the same to the original average "pool slope" to obtain an adjusted open flow. If so desired as an alternate method an adjusted open flow may be computed from the following equation:

$$O_{f_2} = O_{f_1} \left[\frac{\left(P_{f_2}\right)^2}{\left(P_{f_1}\right)^2} \right]^n$$

WHERE:

O_{f_2} = Adjusted absolute open flow.

O_{f_1} = Original absolute open flow.

P_{f_2} = New bottom hole shut-in (psia.)

P_{f_1} = Old bottom hole shut-in (psia.)

n = Slope of back pressure curve.

Tests of all wells in the Barker Dome-Dakota storage area shall be made during the period of April 1 through October 31 of each year and reports made to the Commission within the next succeeding month after test is made.

V. PENNSYLVANIAN FORMATION:

All tests of wells producing from the Pennsylvanian formation of the San Juan Basin Area shall be as follows:

(1) INITIAL POTENTIAL TEST: Immediately after completion of each new well an absolute open flow shall be determined by the conventional back-pressure method indicated by Rule 401 of the Commission's Rules and Regulations.

Seven day shut-in pressures will be used in all cases, and, if for any reason the shut-in period exceeds seven days, then, the actual shut-in time shall be reported.

(2) ANNUAL POTENTIAL TEST: This test shall be made of all wells producing from the Pennsylvanian formation of the San Juan Basin area,

and such tests shall conform in all respects with the procedure set out next above under initial potential test or in the alternative, by obtaining a seven day shut-in pressure of each well and converting the same to bottom hole pressure (P_f). The square of the bottom hole pressure (P_f^2) will be computed and applied to the original back pressure curve and an adjusted absolute open flow will be obtained.

If shut-in pressure time is in excess of seven (7) days, then the actual shut-in time shall be reported.

There is no objection to the use of an adjusted absolute open flow calculated from the equation as set out hereinabove under Dakota formation, Section B, Subsection IV, paragraph 1 - subparagraph b.

All tests hereunder shall be made during the period from April 1 through October 31 of each year, and reported to the Commission upon regular Form C-122 during the month succeeding the month in which the tests are made.

IT IS FURTHER ORDERED:

1. That Form C-122-A entitled "Gas Well Test Data Sheet, San Juan Basin", a copy of which is attached hereto for reference, be, and the same hereby is approved in open form subject to minor modifications as experience may indicate and without notice and hearing, and the same shall be used only for the area indicated, excepting therefrom only the Barker Dome-Dakota storage area, and the Pennsylvanian formation, all within the said San Juan Basin. This order modifies Rule 1121 of the Rules and Regulations of the Commission only to the extent of requiring reports upon Form C-122. These forms are hereby adopted for use in the San Juan Basin Area, with exceptions noted.

IT IS FURTHER ORDERED:

That other formations in the San Juan Basin Area which may in the future be found to be productive will be provided with testing programs on the basis of formation characteristics.

DONE at Santa Fe, the day and year hereinabove mentioned.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

E. S. Walker, Member

R. R. Spurrier, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 582
Order No. R-368

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE JALCO GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Jalco Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Jalco Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Jalco Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Jalco Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a. m., on October 26, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

SEAL

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 582
Order No. R-368-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 26, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-368 was duly entered by the Commission. Order R-368 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Jalco Gas Pool, heretofore established. R-368 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Jalco Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Jalco Pool, and should conform, generally with the provisional special rules of Order R-368.

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

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

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

(8) That the area within the exterior boundaries of the Jalco Gas Pool known and described as the "Rhodes Storage Area" should be exempt from the Special Rules and Regulations applicable to the Jalco Gas pool provided acceptable reports of operations in said storage area are regularly filed.

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8 At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalco Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Jalco Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalco Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045 Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from

gas allocation,

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 583
Order No. R-369

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE LANGMAT GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

Now, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Langmat Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Langmat Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the

special rules and regulations of the Langmat Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Langmat Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a. m. on October 27, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

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. 583
Order No. R-369-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 27, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-369 was duly entered by the Commission. Order R-369 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Langmat Gas Pool, heretofore established. R-369 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Langmat Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as

the same are applicable to the Langmat Gas Pool, and should conform, generally with the provisional special rules of Order R-369.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application

has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Langmat Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Langmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Langmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to

be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term " gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

PROVIDED FURTHER that in order to inaugurate gas prorationing and allocation in the Langmat Gas Pool on January 1, 1954 the Commission shall consider the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each purchaser of gas from the Langmat Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased

commencing January 1, 1954. In this instance the list of wells shall pertain solely to those wells which are gas wells and are not on the oil proration schedule.

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-369, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 584
Order No. R-370

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE EUMONT GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Eumont Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Eumont Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Eumont Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Eumont Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m. on October 28, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 584
Order No. R-370-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-370 was duly entered by the Commission. Order R-370 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Eumont Gas Pool, heretofore established. R-370 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Eumont Gas Pool, heretofore established, described and classified as a gas pool.

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

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Eumont Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward

to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 585
Order No. R-371

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE ARROW GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Arrow Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Arrow Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made

the special rules and regulations of the Arrow Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Arrow Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock am., on October 28, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

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. 585
Order No. R-371-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-371 was duly entered by the Commission. Order R-371 adopted the general or "stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Arrow Gas Pool, heretofore established. R-371 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Arrow Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Arrow Gas Pool, and should conform, generally with the provisional special rules of Order R-371.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

to a well drilling to or capable of producing from the same pool.

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Arrow Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Arrow Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Arrow Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the

month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-371, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

E. S. Walker, Member

R. R. Spurrier, Secretary and Member

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 586
Order No. R-372

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE BLINEBRY GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Blinebry Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Blinebry Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made

the special rules and regulations of the Blinebry Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Blinebry Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m. on October 28, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

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. 586
Order No. R-372-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-372 was duly entered by the Commission. Order R-372 adopted the general or "stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Blinebry Gas Pool, heretofore established. R-372 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Blinebry Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Blinebry Gas Pool, and should conform, generally with the provisional special rules of Order R-372.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

to a well drilling to or capable of producing from the same pool.

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operator. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Blinebry Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Blinebry Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission

on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this order, or Order No. R-372, heretofore issued by the Commission, shall be construed as re-classifying any well, now prorated on the oil proration schedule, as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 587
Order No. R-373

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE TUBB GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Tubb Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Tubb Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made

the special rules and regulations of the Tubb Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Tubb Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a. m., on October 26, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

S E A L

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. 587
Order No. R-373-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 26, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-373 was duly entered by the Commission. Order R-373 adopted the general or "stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Tubb Gas Pool, heretofore established. R-373 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Tubb Gas Pool, heretofore

established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Tubb Pool, and should conform, generally with the provisional special rules of Order R-373.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "preliminary nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Tubb Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Tubb Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Tubb Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the

normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is over-produced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045 Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-373, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 588
Order No. R-374

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE AMANDA GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Amanda Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Amanda Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made

the special rules and regulations of the Amanda Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Amanda Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a. m., on October 26, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary and Member

SEAL

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. 588
Order No. R-374-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 26, 1953 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-374 was duly entered by the Commission. Order R-374 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Amanda Gas Pool, heretofore established. R-374 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Amanda Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Amanda Gas Pool, and should conform, generally with the provisional special rules of Order R-374.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

RULE 3. Each well drilled within the Amanda Gas Pool shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet

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. 588
Order No. R-374-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 26, 1953 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-374 was duly entered by the Commission. Order R-374 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Amanda Gas Pool, heretofore established. R-374 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Amanda Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Amanda Gas Pool, and should conform, generally with the provisional special rules of Order R-374.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

RULE 3. Each well drilled within the Amanda Gas Pool shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet

to a quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool.

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Amanda Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Amanda Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Amanda Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the

month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-374, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such re-classification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 589
Order No. R-375

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE JUSTIS GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m., on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Justis Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Justis Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Justis Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Justis Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a.m., on October 27, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

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. 589
Order No. R-375-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 27, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-375 was duly entered by the Commission. Order R-375 adopted the general or "stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Justis Gas Pool, heretofore established. R-375 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Justis Gas Pool, heretofore

established, described and classified as a gas pool. That the Special pool rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Justis Gas Pool, and should conform, generally with the provisional special rules of Order R-375.

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

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

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

IT IS THEREFORE ORDERED:

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

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

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Justis Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission

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

The Commission shall include in the proration schedule the gas wells in the Justis Gas Pool delivering to a gas transportation facility, or lease gathering system and shall include in the proration schedule of the Justis Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A. M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission on Form C-115 so as to reach the Commission on or before the twentieth day of the

month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

PROVIDED FURTHER that in order to inaugurate gas prorationing and allocation in the Justis Gas Pool on January 1, 1954 the Commission shall consider the nominations of purchasers for the proration period beginning January 1, 1954 at the regular hearing of the Commission on November 19, 1953 and shall require each

purchaser of gas from the Justis Gas Pool to submit with each "supplemental" nomination a list of the wells and their location from which gas is to be purchased commencing January 1, 1954. In this instance the list of wells shall pertain solely to those wells which are gas wells and are not on the oil proration schedule.

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-375, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E AL

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 590
Order No. R-376

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER ESTABLISHING POOL RULES FOR THE BYERS-QUEEN GAS POOL, LEA COUNTY, NEW MEXICO, SAID RULES BEING CONCERNED WITH WELL SPACING, GAS PRORATION AND ALLOCATION, PRORATION UNITS, POOL DELINEATION AND OTHER RELATED MATTERS INSOFAR AS THEY PERTAIN TO THE GENERAL RULES FOR GAS PRORATION AS SET FORTH IN ORDER NO. R-356 IN CASE 521.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1953, the Commission, a quorum being present, having considered the statements of interested persons, and the official records of the office and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That production records of gas wells producing within the Byers-Queen Gas Pool as heretofore designated, classified and defined, indicate the necessity for proration of gas-well gas for the prevention of waste and the protection of correlative rights.

(3) That Order No. 356, heretofore issued by the Commission, and containing appropriate general rules relative to gas-well spacing, gas proration and gas allocation, appearing to be satisfactorily applicable to the Byers-Queen Gas Pool, should be considered as the special rules and regulations for said pool pending further order of the Commission.

IT IS THEREFORE ORDERED:

That the rules and regulations relating to gas-well spacing, gas proration and gas allocation, as set out in Order R-356, be, and the same hereby are made the special rules and regulations of the Byers-Queen Gas Pool pending further order of the Commission after notice and hearing.

IT IS FURTHER ORDERED:

That all parties interested in said Byers-Queen Pool and the rules therefor be, and they and each of them are hereby ordered to show cause at 9 o'clock a. m., on October 27, 1953, at Santa Fe, New Mexico, why the rules and regulations referred to hereinabove, with any essential amendments, shall not be put into effect as of November 1, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

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. 590
Order No. R-376-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m., on October 27, 1953 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

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

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-376 was duly entered by the Commission. Order R-376 adopted the general or "stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Byers-Queen Gas Pool, heretofore established. R-376 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

(4) That as a result of such hearing and in consideration of the testimony adduced Special Pool rules should be promulgated for the Byers-Queen Gas Pool, heretofore established, described and classified as a gas pool. That the Special pool

rules should approximate the general rules and regulations promulgated by Order R-356 insofar as the same are applicable to the Byers-Queen Gas Pool, and should conform generally with the provisional special rules of Order R-376.

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

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

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

IT IS THEREFORE ORDERED:

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

SPECIAL RULES AND REGULATIONS
FOR THE BYERS-QUEEN GAS POOL
LEA COUNTY, NEW MEXICO

WELL SPACING AND ACREAGE REQUIREMENTS FOR DRILLING TRACTS.

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

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

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

RULE 4. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 3 without Notice and Hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1320 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within such radius have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

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

GAS PRORATION

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

PRORATION UNITS

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

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 7 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard unit consists of less acreage than a standard proration unit.

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

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

GAS ALLOCATION

RULE 8. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Byers-Queen Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

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

The Commission shall include in the proration schedule the gas wells in the Byers-Queen Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Byers-Queen Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the total acreage allotted to such non-marginal units.

BALANCING OF PRODUCTION

RULE 10. Underproduction: The dates 7:00 A.M., January 1 and 7:00 A.M., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled. If, at the end of the first succeeding proration period, a greater amount of allowable remains unproduced than was carried forward as underproduction, the amount carried forward to the second succeeding period shall be the total underproduction less the amount carried forward to the first succeeding period.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

RULE 11. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 12. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 13. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 14. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be submitted to the Commission

on Form C-115 so as to reach the Commission on or before the twentieth day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced. The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however that gas used on the lease for consumption in lease houses, treaters, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

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

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

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

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

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

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

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

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

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

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

IT IS FURTHER ORDERED that nothing in this Order, or Order No. R-376, heretofore issued by the Commission, shall be construed as re-classifying any well now prorated on the oil proration schedule as a gas well, and any such reclassification hereafter made shall only be made after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

AZTEC PICTURED CLIFFS.

AZTEC PICTURED CLIFFS GAS POOL
SAN JUAN COUNTY, NEW MEXICO

INDEX SHEET

R-13	March 15, 1950. Nomenclature case - created pool.
*** R-46	December 29, 1950. Provided for 160 acre spacing and locations.
* R-397	December 17, 1953. Amended statewide Rule 104(b) pertaining to spacing in San Juan, Rio Arriba, and Sandoval Counties, and amended Order R-46.
* 65	December 23, 1954. Basic Proration order.
* R-565-A	January 7, 1955. Nunc Pro Tunc, corrects Rule 3 of Aztec Rules.
* R-565-C	October 13, 1955. Amends R-565 due to revision of R-333-B.
* R-565-D	March 29, 1956. Amends paragraph 4 of Rule 14 of R-565-C.
* R-614	April 20, 1955. Amends Rule 6 (B) of order R-565- consolidated into R-565-C.
* R-620	April 20, 1955. Amends Rule 6 (A) paragraph 2 of order 565 - consolidated into R-565-C.
** R-672	August 17, 1955. Hearing to combine Ballard-Pictured Cliffs, and South Blanco-Pictured Cliffs, and/or Aztec-Pictured Cliffs, and/or Fulcher Kutz-Pictured Cliffs - denied.
** R-672-A	September 6, 1955. Order granting rehearing on above.
** R-672-B	January 27, 1956. Rehearing on above - consolidation of pools still denied.
R-939	January 16, 1957. Permission to conduct interference and maximum pressure build-up tests.
R-939-A	February 14, 1957. Nunc Pro Tunc, corrects errors in Order R-939.
* R-967	April 23, 1957. Amends various rules of Order R-565-C.
R-1044	September 9, 1957. Suspended balancing provisions of Order R-565-C from August 1, 1957 to January 31, 1958.
R-1065	October 3, 1957. Permission to conduct maximum pressure build-up tests.

* Attached to Fulcher Kutz
** Attached to Ballard
*** Attached to West Kutz

R-1115	January 22, 1958. Granted extension of time for conducting annual deliverability tests on certain wells for year 1957.
R-1300	December 17, 1958. Permission to conduct maximum pressure build-up tests.
R-1421	June 9, 1959. Permission to conduct maximum pressure build-up tests.

EXISTING GAS POOL RULES FOR
AZTEC-PICTURED CLIFFS GAS POOL

FINDINGS:

1. That for purposes of orderly development, protection of correlative rights and the prevention of waste, the following pools in San Juan and Rio Arriba Counties, New Mexico heretofore by the Commission named, defined and classified as gas pools, as the respective boundaries thereof may be changed by extension or otherwise, should be provided with proper spacing pattern and production units;

Aztec (Pictured Cliffs) pool, 160-acre spacing;

2. Under 160-acre spacing for Aztec, Blanco (Pictured Cliffs), Gavilan, South Kutz Canyon and West Kutz Canyon pools, [illegible] locations should be required as stated in Rule 104 (or 330' from inner and 660' from outer boundaries of the respective quarter section).

(The above two findings are from Order R-46.)

3. That the producing [illegible] gas wells in the Aztec-Pictured Cliffs Gas Pool is greater than the market demand for gas from said pool and that, for the purpose of preventing waste and protecting correlative rights, appropriate rules and procedures should be adopted to provide a method of allocating gas among proration units in the Aztec-Pictured Cliffs Gas Pool.

(Above finding is from Order R-565.)

4. That the present provisions of Rule 6 (B) of Order R-565 limit the administrative approval of non-standard proration units to only those units which are variations in legal quarter sections of less than 160 acres due to irregularities in the land survey.

5. That the consideration of applications for approval of non-standard proration units, other than those involving variations in the public land survey, only upon notice and hearing, places an undue burden and inconvenience upon both applicants and this Commission.

6. That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to adopt the revised and amended Rule 6 (B) as presented at the hearing in this matter.

(The above three findings are from Order R-614.)

7. That Order R-565 at the present time makes no provision for adjusting the allowable of those wells located on tracts containing less than a standard spacing unit, and the allowables of these wells, as calculated under the present proration formula will be below the economic producing level.

8. That the adoption of the revisions and amendments to Order R-565 as presented in hearing will provide for a procedure in the assignment of allowable to these wells, and will prevent the premature abandonment of such wells which might result from the assignment of low allowables.

9. That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights to adopt the revised and amended Rule 6 (A) as presented at the hearing in this matter.

(The above three findings are from Order R-620.)

IT IS THEREFORE ORDERED:

That the special pool rules applicable to the Aztec-Pictured Cliffs Gas Pool be and the same hereby are promulgated as follows:

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the Aztec-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Aztec-Pictured Cliffs Gas Pool.

(Originally in Order R-565, and copied in Order R-565-C.)

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

(Originally appears in Order R-565, and copied in Order R-565-C.)

RULE 3: Any well drilled within the defined limits of the Aztec-Pictured Cliffs Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible.

(The subject matter of Rules 2 and 3 is covered in Sections 1 and 3 of Order R-46, and amended by Order R-397. They first appeared in present form in Order R-565. Rule 3 was amended by Order R-565-A and appears in present form in Order R-565-C.)

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well, a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

(First appeared in Order R-565 and incorporated in its present form in Order R-565-C.)

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Aztec-Pictured Cliffs Gas Pool.

(First appeared in Order R-565, copied in Order R-565-C.)

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Aztec-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provision of Paragraph (B) of this rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(Originally appeared in Order R-565, amended by Order R-620, and incorporated in Order R-565-C.)

(B) The Secretary of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The proposed non-standard proration unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

   (a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

(Originally appeared in Order R-565, amended by Order R-614, and incorporated in Order R-565-C.)

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the Aztec -Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

(Originally appeared in Order R-565, copied in Order R-565-C.)

RULE 8: In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability date, or other evidence as to the well's producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the well's producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

(Originally appeared in Order R-565, copied in Order R-565-C, amended by Order R-967.)

RULE 9: The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner.

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

(Originally appeared in Order R-565, amended by Order R-620, copied as amended in Order R-565-C, completed amended by Order R-967.)

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C and D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

Balancing of Production:

RULE 10-A: The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

(Originally appeared in Order R-565, amended by Order R-565-C, further amended by Order R-967.)

RULE 11: Underproduction: Any non-marginal 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.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

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.

(First appeared in Order R-565, copied in Order R-565-C.
Paragraph 1 was amended and paragraph 6 added by Order R-967.)

RULE 12: Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

(First appeared in Order R-565, copied in Order R-565-C, and amended by Order R-967.)

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

(First appeared in Order R-565, copied in Order R-565-C.)

RULE 14: Allowables to newly completed gas wells shall commence

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser,

(b) The latest filing date of Form C-104, C-110 or the above described plat, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122 in conformance with the provisions of R-333-C,

whichever date is the later.

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C and D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provision of Order R-333-C.

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator, or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D, or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

(First appeared in Order R-565. Paragraph 1 amended by Order R-565-C; paragraph 2 amended by Order R-967; paragraph 3 amended by Order R-565-C; paragraph 4 amended by Order R-565-D; paragraph 5 originally appeared in Order R-565 and copied in Order R-565-C.)

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, and such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Aztec -Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed in the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

(First appeared in Order R-565, copied in Order R-565-C.)

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

(First appeared in Order R-565, copied in Order R-565-C.)

RULE 17: No gas, either dry gas or casinghead gas, produced from the Aztec-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

(First appeared in Order R-565, copied in Order R-565-C.)

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill or Recomplete", or USGS Form 9-331-a, (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104 (b). Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall furnish connection notices to the Commission in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

(The substance of the above three paragraphs originally appeared in Order R-565; slightly amended by Order R-565-C.)

BALLARD - PICTURED CLIFFS

BALLARD-PICTURED CLIFFS GAS POOL
RIO ARRIBA, NEW MEXICO

INDEX SHEET

R-577	February 9, 1955. Nomenclature case - created pool.
✓R-672	August 17, 1955. Hearing to combine Ballard-Pictured Cliffs, and South Blanco-Pictured Cliffs, and/or Aztec-Pictured Cliffs, and/or Fulcher Kutz-Pictured Cliffs--denied.
✓R-672-A	September 6, 1955. Order granting rehearing on above.
✓R-672-B	January 27, 1956. Rehearing on above--consolidation of pools still denied.
✓R-846	July 18, 1956. Effective October 1, 1956. Basic proration order.
✓R-846-A	March 27, 1959. Abolished Otero-Pictured Cliffs, and Canyon Largo-Pictured Cliffs and included acreage in Ballard-Pictured Cliffs Gas Pool.
R-939	January 16, 1957. Permission to conduct interference and maximum pressure build-up tests.
R-939-A	February 14, 1957. Nunc Pro Tunc, corrects errors in Order R-939.
* R-967	April 23, 1957. Amends various rules of Order R-846.
R-1045	September 9, 1957. Suspended balancing provisions of Order R-846 from August 1, 1957 to January 31, 1958.
R-1055	September 16, 1957. Application for reinstatement for allowables lost during maximum pressure build-up tests--denied.
R-1065	October 3, 1957. Permission to conduct maximum pressure build-up tests.
R-1115	January 22, 1958. Granting extension of time for conducting annual deliverability tests for year 1957.
R-1300	December 7, 1958. Permission to conduct maximum pressure build-up tests.
R-1300-A	February 18, 1959. Nunc Pro Tunc, corrected errors in Order R-1300.
R-1421	June 9, 1959. Permission to conduct maximum pressure build-up tests.

* Attached to Fulcher Kutz

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. 908
Order No. R-672

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION AT THE
REQUEST OF SKELLY OIL COMPANY FOR AN
ORDER AMENDING, CLARIFYING AND REVISING
PRESENTLY ESTABLISHED HORIZONTAL LIMITS
OF THE BALLARD-PICTURED CLIFFS, FULCHER
KUTZ-PICTURED CLIFFS, AZTEC-PICTURED
CLIFFS, SOUTH BLANCO-PICTURED CLIFFS, ALL
GAS POOLS IN SAN JUAN AND RIO ARRIBA COUNTIES,
NEW MEXICO.

Ballard

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 18, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 17th day of August, 1955, the Commission, a quorum being present having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That proration within the Huerfanito Unit is complicated by the fact that the north end of said unit is prorated and included within the South Blanco-Pictured Cliffs Gas Pool while those wells located in the southern and central portions of the Huerfanito Unit are located within the horizontal limits of the Ballard-Pictured Cliffs Gas Pool; the same being a non-prorated and non-allocated pool, and

(3) That the problem of gas proration within the Ballard-Pictured Cliffs Gas Pool should be taken up by the Commission at the earliest instance.

(4) That insufficient and inconclusive evidence was presented to support a connection between the Ballard-Pictured Cliffs Gas Pool and the South Blanco-Pictured Cliffs Gas Pool, and

(5) That it would be premature for the Commission to combine areas of production whose limits as presently defined are separate and individual.

(6) That certain extensions to the horizontal limits of the Ballard-Pictured Cliffs Gas Pool are necessary to include wells completed in this common source of supply.

(7) That extensions to the South Blanco-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs and the Aztec-Pictured Cliffs are inadvisable

IT IS THEREFORE ORDERED:

(1) That the delineation of the Ballard-Pictured Cliffs Gas Pool be, andthe same is hereby amended. The following described property will hereinafter constitute said Ballard-Pictured Cliffs Gas Pool.

Ballard-Pictured Cliffs

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMPM
Sec. 2: All
Sec. 3: All
Sec. 4: N/2
Sec. 5: N/2
Sec. 11: All
Sec. 12: All

TOWNSHIP 26 NORTH, RANGE 8 WEST, NMPM
Sec. 17: SW/4
Sec. 18: All
Sec. 19: All
Sec. 20: W/2
Sec. 27: All
Sec. 28: All
Sec. 29: All
Sec. 30: All
Sec. 31: All
Sec. 32: All
Sec. 33: All
Sec. 34: All

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM
Sec. 3: S/2
Sec. 9: All
Sec. 10: All
Sec. 11: All

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM
Sec. 12: All
Sec. 13: All
Sec. 14: All
Sec. 15: All
Sec. 16: E/2
Sec. 21: NE/4
Sec. 22: N/2
Sec. 23: All
Sec. 24: All

DONE at Santa Fe, New Mexico on the day and year hereinabove designated., STATE OF NEW MEXICO, OCC, Signed: J. F. SIMMS, CHAIRMAN, E. S. WALKER, Member, W. B. MACEY, Member and Secretary.

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. 908
Order No. R-672-A

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION AT THE REQUEST
OF SKELLY OIL COMPANY FOR AN
ORDER AMENDING, CLARIFYING AND
REVISING PRESENTLY ESTABLISHED
HORIZONTAL LIMITS OF THE BALLARD-
PICTURED CLIFFS, FULCHER KUTZ-
PICTURED CLIFFS, AZTEC-PICTURED
CLIFFS, SOUTH BLANCO-PICTURED
CLIFFS, ALL GAS POOLS IN SAN JUAN
AND RIO ARRIBA COUNTIES, NEW MEXICO.

Ballard

ORDER OF THE COMMISSION FOR REHEARING

BY THE COMMISSION:

This matter came on for consideration upon petition of Skelly Oil Company, through their attorney, George W. Selinger, for rehearing on Order No. R-672, heretofore entered by the Commission.

NOW, on this 6th., day of September, 1955, the Commission, a quorum being present, having fully considered said application for rehearing:

IT IS HEREBY ORDERED:

That the above-entitled matter be reopened and a rehearing in said cause be held October 13, 1955 at 9 o'clock a.m. on said day at Mabry Hall, Santa Fe, New Mexico.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

S/ JOHN F. SIMMS, Chairman

S/ E. S. WALKER, Member

S E A L

S/ W. B. MACEY, Member & Secretary

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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. 908
Order No. R-672-B

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION, UPON
ITS OWN MOTION, AT THE REQUEST OF
SKELLY OIL COMPANY, FOR AN ORDER
AMENDING, CLARIFYING AND REVISING
THE PRESENT ESTABLISHED HORIZONTAL
LIMITS OF THE BALLARD-PICTURED CLIFFS,
THE FULCHER KUTZ-PICTURED CLIFFS AND THE
SOUTH BLANCO-PICTURED CLIFFS GAS POOLS
IN SAN JUAN AND RIO ARRIBA COUNTIES, NEW
MEXICO.

Ballard

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for rehearing in compliance with provisions of Order No. R-672-A at 9 o'clock a.m. on October 13, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 27th day of January, 1956, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

1. That the Commission has continued jurisdiction of this cause as established in the initial hearing.

2. That due notice of the time and place of hearing has been given as required by law.

3. That insufficient and inconclusive evidence was presented to justify consolidation of the Ballard-Pictured Cliffs, the Fulcher Kutz-Pictured Cliffs and the South Blanco-Pictured Cliffs Gas Pools.

4. That delineation of the Ballard-Pictured Cliffs Gas Pool as heretofore set forth by order of the Commission should be revised, due to new development.

IT IS THEREFORE ORDERED:

1. That the delineation of the Ballard-Pictured Cliffs Gas Pool be, and the same is hereby revised. The following described acreage will hereinafter constitute said

Ballard-Pictured Cliffs Gas Pool:

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMPM

Section 2:	All
Section 3:	All
Section 4:	N/2
Section 5:	N/2
Section 10:	N/2
Section 11:	All
Section 12:	All
Section 14:	NE/4

TOWNSHIP 26 NORTH, RANGE 8 WEST, NMPM

Section 7:	S/2
Section 15:	S/2
Section 16:	S/2
Section 17:	All
Section 18:	All
Section 19:	All
Section 20:	All
Section 21:	All
Section 22:	All
Section 23:	All
Section 26:	All
Section 27:	All
Section 28:	All
Section 29:	All
Section 30:	All
Section 31:	All
Section 32:	All
Section 33:	All
Section 34:	All
Section 35:	All

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM

Section 1:	W/2
Section 2:	All
Section 3:	All
Section 4:	All
Section 9:	All
Section 10:	All
Section 11:	All
Section 12:	All
Section 13:	All
Section 14:	All
Section 15:	All
Section 16:	All
Section 21:	NE/4
Section 22:	N/2
Section 23:	All
Section 24:	All

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM
Section 33: SE/4
Section 34: S/2
Section 35: SW/4

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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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. 1054
Order No. R-846

THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER PROMULGATING RULES AND REGULATIONS AFFECTING AND CONCERNING THE BALLARD-PICTURED CLIFFS GAS POOL IN SAN JUAN COUNTY, NEW MEXICO: MATTERS TO BE CONSIDERED IN THE ABOVE STYLED CAUSE BEING GAS POOL DELINEATION AND DEFINITION, GAS PRORATION, GAS WELL SPACING, GAS WELL ALLOWABLES, GAS PRORATION UNITS AND RELATED MATTERS INCLUDING THE POSSIBLE COMBINATION OF THE BALLARD-PICTURED CLIFFS GAS POOL WITH OTHER GAS POOLS PRODUCING FROM THE PICTURED CLIFFS FORMATION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 18, 1956, May 17, 1956 and June 12, 1956 at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 18th day of July, 1956, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing 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 R-577 and subsequent orders, the Commission created, defined, and extended the Ballard-Pictured Cliffs Gas Pool for the production of gas from the Pictured Cliffs formation.

(3) That the producing capacity of the gas wells in the Ballard-Pictured Cliffs Gas Pool is greater than the market demand for gas from said pool and that, for the purpose of preventing waste and protecting correlative rights, appropriate rules and procedures should be adopted to

provide a method of allocating gas among proration units in the Ballard-Pictured Cliffs Gas Pool.

(4) That the evidence adduced at the hearing indicates that certain extensions should be made to the boundaries of said Ballard-Pictured Cliffs Gas Pool, and further, that part of the acreage included in said extensions lies within the horizontal limits of the Fulcher Kutz-Pictured Cliffs Gas Pool, as defined by the Commission.

(5) That the vertical limits of the Ballard-Pictured Cliffs Gas Pool and the Fulcher Kutz-Pictured Cliffs Gas Pool are the same, being the Pictured Cliffs formation, and that to extend the Ballard-Pictured Cliffs Gas Pool in accordance with the evidence adduced at the hearing will require the deletion of certain acreage from the horizontal limits of the Fulcher Kutz Gas Pool, and that said deletion should be made.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Ballard-Pictured Cliffs Gas Pool be and the same hereby are defined as that area described in Exhibit "A" attached hereto and made a part hereof.

(2) That the horizontal limits of the Fulcher Kutz-Pictured Cliffs Gas Pool be and the same hereby are contracted by deletion of that area described in Exhibit "B" attached hereto and made a part hereof.

(3) That special pool rules applicable to the Ballard-Pictured Cliffs Gas Pool be and the same hereby are promulgated, as follows:

SPECIAL RULES AND REGULATIONS
FOR THE BALLARD-PICTURED CLIFFS GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the Ballard-Pictured Cliffs Gas Pool and not within the boundaries of another designated pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said Ballard-Pictured Cliffs Gas Pool and not nearer to or within the boundaries of another designated pool, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in the Ballard-Pictured Cliffs Gas Pool.

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

RULE 3: Any well drilled within the defined limits of the Ballard-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Land Surveys, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the

outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible.

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, paragraph (k), shall not apply to the Ballard-Pictured Cliffs Gas Pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Ballard-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Surveys; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provision of paragraph (B) of this rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the Ballard-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amoung of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the Ballard-Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the Ballard-Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary or supplemental nominations, whichever is applicable, together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All communications shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the Ballard-Pictured Cliffs Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner:

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD" factor bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage factors of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

Any well having a calculated allowable less than that of the largest allowable assigned a marginal well shall be assigned an allowable equal to the largest marginal allowable; provided that the allowable so assigned shall not be greater than the well's ability to produce. If the allowable so assigned is greater than the well's ability to produce, the well shall be limited to its ability to produce. All wells with allowables so assigned shall be classified as marginal wells.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a.m., M. S. T., February 1, and 7 o'clock a.m., M. S. T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the Ballard-Pictured Cliffs Gas Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the first proration period shall commence on October 1, 1956, and shall continue for a period of 10 months until August 1, 1957. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If during a proration period a marginal well is reworked or recompleted in such manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If at any time a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat (C-128) showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence:

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser, or

(b) the latest filing date of Form C-104, C-110 and C-128, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C & D,

whichever date is the later.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-C & D has been submitted.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C & D, the provisions of Rule 10 of this order, and the testing schedule provision of Order R-333-C & D.

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operators, or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C & D, or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work; if the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations.

Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

The annual 1955 deliverability tests, or initial deliverability tests where applicable, shall be used in calculating allowables for the proration period commencing October 1, 1956. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well in the Ballard-Pictured Cliffs Gas Pool shall be metered separately and the production shall be reported to the Commission on Form C-115, and such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Ballard-Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed in the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico; remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well, including drilling gas, shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used on the lease and in maintaining the producing ability of the well shall not be charged against the allowable, but will be reported on Form C-115.

RULE 16: The term "gas purchaser" as used in these rules shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the Ballard-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill", or USGS Form 9-331-a, (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104 (b). Accompanying the above form shall be a plat (Form C-128) of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall file with the Commission a list of all wells within each pool connected to their gas transportation facility as of September 1, 1956, and shall furnish connection notices thereafter, in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

The list required above shall contain the name of the operator, lease name, well number, unit, and location of the well (Section, Township and Range). Connection notices shall indicate the date of connection in addition to the above-listed data.

EXHIBIT "A"

HORIZONTAL LIMITS OF THE BALLARD-PICTURED CLIFFS GAS POOL:

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMPM
All Sections 2 and 3;
N/2 and SE/4 Section 4;
N/2 Section 5;
N/2 and SE/4 Section 10;
All Sections 11 and 12;
N/2 Section 13;
N/2 and SE/4 Section 14;

TOWNSHIP 26 NORTH, RANGE 8 WEST, NMPM
NW/4 Section 5;
All Sections 6 and 7;
S/2 Section 15;
S/2 Section 16;
All Sections 17, 18, 19, 20, 21, 22, and 23;
All Sections 26, 27, 28, 29, 30 and 31;
All Sections 32, 33, 34, and 35;

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM
All Sections 1, 2, 3 and 4;
NE/4 Section 5
All Sections 9, 10, 11, 12, 13, 14, 15 and 16;
NE/4 Section 21;
N/2 Section 22;
All Sections 23 and 24;

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM
SW/4 Section 26;
All Section 27;
SE/4 Section 28;
All Section 33, 34 and 35;
W/2 Section 36;

EXHIBIT "B"

DELETION OF A PORTION OF THE HORIZONTAL LIMITS OF THE FULCHER KUTZ-PICTURED CLIFFS GAS POOL

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM
S/2 and NW/4 of Section 27
SE/4 of Section 28

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

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

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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. 1617
Order No. R-846-A

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO
CONSIDER THE EXTENSION OF THE BALLARD-
PICTURED CLIFFS POOL IN SAN JUAN AND
RIO ARRIBA COUNTIES, NEW MEXICO, TO
INCLUDE THE CANYON LARGO-PICTURED CLIFFS
POOL AND THE OTERO-PICTURED CLIFFS POOL,
BOTH IN RIO ARRIBA COUNTY, NEW MEXICO,
AND TO INCLUDE CERTAIN OTHER ADJACENT
ACREAGE IN RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 18, 1959, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th. day of March, 1959, the Commission, a quorum being present, having considered the application and the evidence adduced 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 evidence presented in this case indicates that the pools presently designated as the Ballard-Pictured Cliffs Pool, the Canyon Largo-Pictured Cliffs Pool, and the Otero-Pictured Cliffs Pool, as well as the presently undesignated acreage in Rio Arriba County set forth below, are all one common source of supply.

TOWNSHIP 25 NORTH, RANGE 7 WEST, NMPM	
Section 8:	S/2
Section 9:	All
Section 10:	All
Section 14:	All
Section 15:	All
Section 20:	All
Section 21:	All
Section 22:	All

TOWNSHIP 25 NORTH, RANGE 7 WEST, NMPM (continued)

Section 23:	All
Section 26:	All
Section 27:	All
Section 28:	E/2; SW/4
Section 33:	All
Section 34:	All
Section 35:	All
Section 36:	W/2

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Section 1:	NW/4
Section 2:	N/2
Section 3:	All
Section 4:	N/2
Section 10:	N/2

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM

Section 2:	E/2; SW/4
Section 3:	SW/4
Section 4:	S/2
Section 9:	N/2; SW/4
Section 10:	N/2
Section 11:	All
Section 12:	W/2

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM

Section 25:	S/2
Section 26:	All
Section 27:	NE/4
Section 35:	All
Section 36:	All

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM

Section 31:	S/2
Section 32:	S/2
Section 33:	S/2

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM

Section 1:	All
Section 2:	All
Section 3:	E/2
Section 10:	E/2
Section 11:	All
Section 12:	All
Section 13:	All

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM

Section 2:	S/2
Section 3:	S/2; NW/4
Section 4:	All

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM (continued)	
Section 5:	All
Section 6:	All
Section 7:	All
Section 8:	All
Section 9:	All
Section 10:	All
Section 11:	N/2; SW/4
Section 16:	All
Section 17:	All
Section 18:	All

(3) That certain portions of the acreage presently defined as being in the Canyon Largo-Pictured Cliffs Pool should be deleted from said pool prior to any consolidation of the pools and areas described in Finding No. 2, and that the acreage which should be so deleted is described as follows:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM	
Section 7:	S/2
Section 16:	S/2 & NW/4
Section 17:	All
Section 18:	N/2 & SE/4

(4) That the Ballard-Pictured Cliffs Pool should be extended as proposed, effective May 1, 1959.

(5) That operators who have drilled wells on non-standard units within the proposed extension, and who have not yet received approval for such non-standard units, should file applications for non-standard proration units in the Ballard-Pictured Cliffs Pool pursuant to the provisions of Order No. R-846 prior to April 15, 1959.

IT IS THEREFORE ORDERED:

1. That the Canyon Largo-Pictured Cliffs Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, be and the same is hereby contracted by the deletion of the following described area:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM	
Section 7:	S/2
Section 16:	S/2 and NW/4
Section 17:	All
Section 18:	N/2 and SE/4

2. That the Ballard-Pictured Cliffs Pool in San Juan and Rio Arriba Counties, New Mexico, as heretofore classified, defined, and described, be and the same is hereby extended to include therein the following described areas:

A. That area included within the boundaries of the Canyon Largo-Pictured Cliffs Pool in Rio Arriba County, New Mexico, as the same was contracted hereinabove.

B. All of that area included within the boundaries of the Otero-Pictured Cliffs Pool, in Rio Arriba County, New Mexico, as the same has heretofore been delineated by the Commission.

C. All of the presently undesignated acreage in Rio Arriba County, New Mexico, described as follows:

TOWNSHIP 25 NORTH, RANGE 7 WEST, NMPM	
Section 8:	S/2
Section 9:	All
Section 10:	All
Section 14:	All
Section 15:	All
Section 20:	All
Section 21:	All
Section 22:	All
Section 23:	All
Section 26:	All
Section 27:	All
Section 28:	E/2; SW/4
Section 33:	All
Section 34:	All
Section 35:	All
Section 36:	W/2

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM	
Section 1:	NW/4
Section 2:	N/2
Section 3:	All
Section 4:	N/2
Section 10:	N/2

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM	
Section 2:	E/2; SW/4
Section 3:	SW/4
Section 4:	S/2
Section 9:	N/2; SW/4
Section 10:	N/2
Section 11:	All
Section 12:	W/2

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM	
Section 25:	S/2
Section 26:	All
Section 27:	NE/4
Section 35:	All
Section 36:	All

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM	
Section 31:	S/2
Section 32:	S/2
Section 33:	S/2

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM	
Section 1:	All
Section 2:	All
Section 3:	E/2
Section 10:	E/2
Section 11:	All
Section 12:	All
Section 13:	All

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM	
Section 2:	S/2
Section 3:	S/2; NW/4
Section 4:	All
Section 5:	All
Section 6:	All
Section 7:	All
Section 8:	All
Section 9:	All
Section 10:	All
Section 11:	N/2; SW/4
Section 16:	All
Section 17:	All
Section 18:	All

3. That the Canyon Largo-Pictured Cliffs Pool and the Otero-Pictured Cliffs Pool be and the same are hereby abolished.

4. That the effective date of this order is May 1, 1959.

5. That operators in the affected areas who have drilled wells on non-standard units and who have not received approval for the same, shall file applications for non-standard proration units in the Ballard-Pictured Cliffs Pool pursuant to the provisions of Order No. R-846 prior to April 15, 1959.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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

S E A L

ir/

EXISTING GAS POOL RULES FOR BALLARD-PICTURED CLIFFS GAS POOL

FINDINGS:

1. That the producing capacity of the gas wells in the Ballard-Pictured Cliffs Gas Pool is greater than the market demand for gas from said pool and that, for the purpose of preventing waste and protecting correlative rights, appropriate rules and procedures should be adopted to provide a method of allocating gas among proration units in the Ballard-Pictured Cliffs Gas Pool.

2. That the evidence adduced at the hearing indicates that certain extensions should be made to the boundaries of said Ballard-Pictured Cliffs Gas Pool, and further, that part of the acreage included in said extensions lies within the horizontal limits of the Fulcher Kutz-Pictured Cliffs Gas Pool, as defined by the Commission.

3. That the vertical limits of the Ballard-Pictured Cliffs Gas Pool and the Fulcher Kutz-Pictured Cliffs Gas Pool are the same, being the Pictured Cliffs formation, and that to extend the Ballard-Pictured Cliffs Gas Pool in accordance with the evidence adduced at the hearing will require the deletion of certain acreage from the horizontal limits of the Fulcher Kutz Gas Pool, and that said deletion should be made.

(All rules and paragraphs appear for the first and only time in Order R-846, unless otherwise noted as being amended by Order R-967.)

IT IS THEREFORE ORDERED:

1. That the horizontal limits of the Ballard-Pictured Cliffs Gas Pool be and the same hereby are defined as that area described in Exhibit "A" attached hereto and made a part hereof.

2. That the horizontal limits of the Fulcher Kutz-Pictured Cliffs Gas Pool be and the same hereby are contracted by deletion of that area described in Exhibit "B" attached hereto and made a part hereof.

3. That special pool rules applicable to the Ballard-Pictured Cliffs Gas Pool be and the same hereby are promulgated, as follows:

SPECIAL RULES AND REGULATIONS FOR THE BALLARD-PICTURED CLIFFS GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the Ballard-Pictured Cliffs Gas Pool and not within the boundaries of another designated pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said Ballard-Pictured Cliffs Gas Pool and not nearer to or within the boundaries of another designated pool, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in the Ballard-Pictured Cliffs Gas Pool.

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

RULE 3: Any well drilled within the defined limits of the Ballard -Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible.

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well, a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Ballard -Pictured Cliffs Gas Pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Ballard Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provision of Paragraph (B) of this rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The proposed non-standard proration unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the Ballard -Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability date, or other evidence as to the well's producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the well's producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

(Originally appeared in Order R-846, amended by Order R-967.)

RULE 9: The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner.

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

(Originally appeared in Order R-846, amended by Order R-967.)

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C and D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

Balancing of Production:

RULE 10-A: The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration period. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

(Originally appeared in Order R-846, amended by Order R-967.)

RULE 11: Underproduction: Any non-marginal 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.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

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.

(First appeared in Order R-846. Paragraph 1 was amended and paragraph 6 added by Order R-967.)

RULE 12: Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

(First appeared in Order R-846, and amended by Order R-967.)

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser,

(b) The latest filing date of Form C-104, C-110 or the above described plat, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122 in conformance with the provisions of R-333-C,

whichever date is the later.

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C and D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provision of Order R-333-C.

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator, or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D, or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

(Originally appeared in Order R-846; paragraph 2 amended by Order R-967.)

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, and such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Ballard -Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed in the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the Ballard-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill or Recomplete", or USGS Form 9-331-a, (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104 (b). Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall furnish connection notices to the Commission in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

FULCHER KUTZ - PICTURED CLIFFS

FULCHER KUTZ-PICTURED CLIFFS GAS POOL
SAN JUAN COUNTY, NEW MEXICO

INDEX SHEET

✓ 541	June 22, 1943. Provided for temporary 160-acre spacing for duration of World War II and six months thereafter for Fulcher Basin Gas Pool.
✓ 647	May 8, 1946. Revoked Order 541.
✓ 748	June 22, 1948. Set up 160-acre spacing and provided for basis for exceptions in Kutz Canyon-Fulcher Basin Gas Pools.
R-42	December 22, 1950. Nomenclature case--extended boundaries and changed name to Fulcher Kutz-Pictured Cliffs Gas Pool.
✓ R-59	February 26, 1951. Amended Order 748, Section 1, subsections (b) and (c).
✓ R-397	December 17, 1953. Amended statewide Rule 104(b) pertaining to spacing in San Juan, Rio Arriba, and Sandoval Counties, and amended Order R-59.
✓ R-565	December 23, 1954. Basic proration order.
✓ R-565-A	January 7, 1955. Nunc Pro Tunc, corrects Rule 3, Fulcher Kutz Rules.
✓ R-565-C	October 13, 1955. Amends Order R-565 due to revision of Order R-333-B, and consolidates within this order the provisions of Order R-614 and R-620 below.
✓ R-565-D	March 29, 1956. Amends paragraph 4 of Rule 14 of Fulcher Kutz rules in Order R-565-C.
✓ R-614	April 20, 1955. Amends Rule 6(B) of Order R-565 (consolidated into Order R-565-C).
✓ R-620	April 20, 1955. Amends Rule 6(A), paragraph 2, and Rule 9 of Order R-565. (Consolidated into Order R-565-C.)
** R-672	August 17, 1955. Hearing to combine Ballard-Pictured Cliffs, and South Blanco-Pictured Cliffs, and/or Aztec-Pictured Cliffs, and/or Fulcher Kutz-Pictured Cliffs--denied.
** R-672-A	September 6, 1955. Order granting rehearing on above.
** R-672-B	January 27, 1956. Rehearing on above--consolidation of pools still denied.

** Attached to Ballard

✓R-967	April 23, 1957. Amends various rules of Order R-565-C.
R-1044	September 9, 1957. Suspended balancing provisions of Order R-565-C from August 1, 1957 to January 31, 1958.
R-1065	October 3, 1957. Permission to conduct maximum pressure build-up tests.
R-1115	January 22, 1958. Granted extension of time for conducting annual deliverability tests on certain wells for year 1957.
R-1300	December 17, 1958. Permission to conduct maximum pressure build-up tests.
R-1421	June 9, 1959. Permission to conduct maximum pressure build-up tests.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

Fulcher Kutz

CASE NO. 40
Order No. 541

THE APPLICATION OF THE SOUTHERN UNION PRODUCTION COMPANY FOR 160 ACRE SPACING FOR GAS WELLS IN THE FULCHER BASIN FIELD DEFINED FOR THE PURPOSE OF SAID APPLICATION TO CONSIST OF THE FOLLOWING LANDS: SECTIONS 34 AND 35, TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM, SECTIONS 1, 2, 3, E/2 10, 11, 12 AND 13, TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM, SECTIONS 7, 17, 18, 19, 20 AND 21, TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock a.m. April 27, 1943, at Santa Fe, New Mexico, before the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission".

NOW, on the 22nd day of June, 1943, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises;

IT IS THEREFORE ORDERED:

1. That for the purpose of establishing a uniform spacing plan within the Fulcher Basin Gas Field, as hereinafter defined, the spacing for gas wells shall be according to the following plan:

The unit shall consist of 160 acres in an appreximate squate as defined by the United States Public Land Surveys. One gas well shall be permitted to each of such units, but no well shall be located closer than 330 feet to the exterior boundary of any such unit.

2. Provided: where such unit consists of tracts of diverse ownership and the owners are unable to consumate a unitizing agreement, no owner of less than 160 acre unit shall be denied his right to drill and produce, but in such case the well shall be operated and produced in such manner as to prevent injury to neighboring leases or properties. In such case, however, no owner of a tract smaller than the unit shall be granted permission to drill unless he shall first obtain an exception therefor from the Petroleum Administrator for War.

3. For the purpose of the order herein, the Fulcher Basin Field is defined to consist of the following lands:

Sections 34 and 35, Township 30 North, Range 12 West, NMPM, Sections 1, 2, 3, E/2 10, 11, 12 and 13, Township 29 North, Range 12 West, NMPM. Sections 7, 17, 18, 19, 20 and 21, Township 29 North, Range 11 West, NMPM.

4. This order shall become effective on the 22nd day of June, 1943, and shall continue for the duration of the present war and for six months thereafter.

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

OIL CONSERVATION COMMISSION

(SGD) John J. Dempsey
JOHN J. DEMPSEY, Chairman

H. R. RODGERS, MEMBER

(SGD) John M. Kelly
JOHN M. KELLY, SECRETARY

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 72
ORDER NO. 547

THE APPLICATION OF GEORGE F. BRENINGTON, AL GREER, JOHN A. PIERCE, C. M. CARROLL, ROBERT L. MADDOX AND L. G. STEARNS FOR AN ORDER TO RESCIND ORDER 541 LIMITING AND FIXING SPACING OF GAS WELLS IN THE FULCHER BASIN FIELD, SAN JUAN COUNTY, NEW MEXICO OF ONE WELL TO 160 ACRES SO AS TO RETURN TO THE CUSTOMARY 40-ACRE SPACING OF THE OIL CONSERVATION COMMISSION.

Fulcher Kutz

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A.M., May 8, 1946 at Santa Fe, New Mexico before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 8th day of May, 1946, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises;

IT IS THEREFORE ORDERED THAT:

SECTION 1. Order 541 limiting and fixing spacing of gas wells in the Fulcher Basin Field, San Juan County, New Mexico, of one well to 160 acres for the duration of the war and six months thereafter shall be and is hereby revoked.

SECTION 2. This order shall be effective on May 9, 1946.

Done at Santa Fe, New Mexico as of the day and year hereinabove designated.

OIL CONSERVATION COMMISSION

(S) John J. Dempsey, Chairman

John E. Miles, Member

R. R. Spurrier, Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 126
Order No. 748

IN THE MATTER OF THE PETITION OF THE
SOUTHERN UNION PRODUCTION COMPANY FOR
AN ORDER FIXING THE SPACING OF WELLS
IN THE KUTZ CANYON-FULCHER BASIN GAS
FIELDS OF SAN JUAN COUNTY (AS THEY MAY
BE EXTENDED) ON THE BASIS OF ONE WELL
TO A DRILLING UNIT OF APPROXIMATELY 160
ACRES WITH SUITABLE PROVISIONS FOR ANY
RELATED MATTERS, INCLUDING SPECIAL APPROVAL
OF NONCONFORMING WELL LOCATIONS WHERE
NECESSARY.

Fulcher Kutz

ORDER OF THE COMMISSION

BY THE COMMISSION:

WHEREAS, after due notice as required by law the Commission held a public hearing in Santa Fe on February 17, 1948, to consider the petition of Southern Union Production Company for the adoption of an order fixing the spacing of wells hereafter drilled in the Kutz Canyon-Fulcher Basin gas field, San Juan County, New Mexico, and related matters; and

WHEREAS, the Commission having considered the evidence adduced at such hearing, pertinent information otherwise available in the Commission's records, the statements made and view-points expressed by interested parties at or in connection with such hearing.

FINDS, from the evidence adduced:

A. That the Kutz Canyon and Fulcher Basin gas pools are productive of natural gas from the Pictured Cliffs sandstone formation, that such pools are contiguous and from all information available to date appear to be one continuous gas producing area or pool in the Pictured Cliffs sandstone;

B. That such pool has produced natural gas for more than 15 years, during which time the average of wellhead pressures has declined approximately 200 P.S.I. gauge.

C. That by reason of rules of this Commission previously applicable to the pool, of the general practices of certain operators in the area and of policies of the U. S. Geological Survey, a fairly uniform spacing of one well to 160 acres has heretofore prevailed throughout most of the pool;

D. That one well will, in view of present evidence, economically and effectively drain the recoverable gas from at least 160 acres of the pool,

and, accordingly, that more dense spacing in the pool may be conducive to waste and will unnecessarily increase the costs of development and production.

E. That for wells hereafter drilled, a general spacing pattern of one centrally located well on a unit of 160 acres, substantially in the shape of wells heretofore drilled on 160-acre tracts, for which general spacing pattern the pooling of properties should be enccouraged when necessary;

F. That the gas productive area of the pool is likely to be substantially more extensive than the presently developed portion thereof;

G. That waste will result in the drilling of wells in the pool, unless special rules and regulations are adopted for the prevention thereof; and

H. That, while the Kutz Canyon-Fulcher Basin gas field has been commercially productive for more than 15 years, it has not been subject to cooperative action representative of the interest of all the operators or leaseholders within the area during that period. In addition, properties, holdings whose total acreage is either less than 160 acres or includes portions of 160-acre tracts, still exist within the pool boundaries, as herein defined. The number of such holdings will be likely to increase as the pool boundaries are extended by subsequent drilling.

THEREFORE, IT IS ORDERED that, effective on the date of this order, the following rules and regulations shall apply to wells hereafter drilled or completed or recompleted to the Pictured Cliffs pool in the Kutz Canyon-Fulcher Basin area, defined below, in addition to the Commission's applicable rules, regulations and orders heretofore or hereafter adopted to the extent not in conflict herewith.

Section 1. No well shall be drilled or completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless

(a) such well be located on a designated drilling unit of not less than one hundred sixty (160) acres of land, more or less, according to legal subdivisions of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;

(b) such drilling unit be in the shape of a square except for normal variations in legal subdivisions of the United States Land Surveys; and

(c) such well be located on its drilling unit at a distance from the unit boundaries of not less than nine hundred ninety feet (990); provided, if such proposed new well is to be an offset to any then producing gas well completed in the pool, or the drilling of which has authorized prior to the effective date of this order,

located on an adjoining unit in which the interests are not identical with those in the unit proposed to be drilled, such proposed well may be located and drilled offsetting the existing well and as close to the common unit boundary line as the well to be so offset.

Section 2. Any provision herein to the contrary notwithstanding, the Commission may, and in proper cases will, on petition or on its own motion, by order entered after notice and hearing to the extent required by law, grant exceptions and permit drilling locations to become effective, thereby authorizing the drilling or completion of wells in the pool not conforming to the requirements of Section 1 above if the Commission shall find that the property sought to be drilled would be deprived of an opportunity to produce gas from the pool in the absence of such exception, and shall also find one or more of the following conditions to exist:

(a) that consolidation or pooling of the property sought to be drilled with necessary adjoining land, notwithstanding diligent efforts made in good faith, is impossible or impractical;

(b) that the property sought to be drilled is located within a then developed portion of the pool and its non-conforming size or shape is due to the adjoining developed properties in the pool;

(c) that because of the nature of the terrain, location of the proposed well at a lesser distance from one of the outer boundaries of its drilling unit should be permitted; or

(d) that by reason of the location of the property to be drilled along the southwest or northeast flank of the developed portion of the area, it appears improbable that gas can be produced in paying quantities if the well conforms to Section 1, in which case the Commission may modify the requirements of Section 1 as to such well to the extent it deems necessary.

Irrespective of such findings, if the Commission shall find that by reason of all circumstances an exception is proper in the prevention of waste, or undue drainage between properties, or otherwise in the exercise by the Commission of its jurisdiction over the spacing of wells or its other powers conferred by law, express or implied.

IT IS FURTHER ORDERED that, in accordance with recommendations of the Northwestern New Mexico Nomenclature Committee approved and adopted by this Commission, the Pictured Cliffs gas producing pool in the Kutz Canyon-Fulcher Basin area, to which this order applies, is defined to include the following described land in San Juan County, New Mexico.

TOWNSHIP 27 NORTH, RANGE 10 WEST
Section 3: W/2
Sections 4 & 5 All

TOWNSHIP 28 NORTH, RANGE 10 WEST
Sections 7 & 8 All
Section 15 W/2
Sections 16, 17, 18, 19, 20, 21 All
Section 22: W/2
Section 27: W/2
Sections 28, 29, 30, 31, 32, 33 All
Section 34: W/2

TOWNSHIP 28 NORTH, RANGE 11 WEST
Sections 9, 10, 11, 12, 13, 14, 15, 16, 22, 23, 24, 25, 26 All

TOWNSHIP 29 NORTH, RANGE 11 WEST
Sections 6, 7, 8, 16, 17, 18, 19, 20, 21, 22, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36 All

TOWNSHIP 29 NORTH, RANGE 12 WEST
Sections 1, 2, 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15, 23, 24, 25 All

TOWNSHIP 29 NORTH, RANGE 13 WEST
Section 1: All

TOWNSHIP 30 NORTH, RANGE 12 WEST
Section 19: All
Section 20: S/2
Sections 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36: All

TOWNSHIP 30 NORTH, RANGE 13 WEST
Sections 24, 25, 36: All

All additional lands located within one-half (1/2) mile of any land in the pool as defined or as it may be extended shall conform to these rules and regulations; provided, however, that such pool shall in no event be extended so as to include any lands now or hereafter included by the Commission in some other producing area formally designated as an oil or gas pool in the Pictured Cliffs, provided, further, by order of this Commission the pool may be redesignated from time to time so as to embrace other lands in the vicinity which are believed, on the basis of additional developments, to be capable of producing gas from the Kutz Canyon-Fulcher Basin pool, whether or not such other lands shall have been at one time included in another designated field or pool producing from the Pictured Cliffs.

Entered and adopted by the Oil Conservation Commission this 22nd day of June, 1948.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION, UPON ITS OWN MOTION, TO AMEND ORDER NO. 748, SECTION 1, PARAGRAPHS (b) AND (c), RELATING TO SPACING IN THE KUTZ CANYON-FULCHER BASIN GAS POOL IN SAN JUAN COUNTY, NEW MEXICO

Fulcher Kutz

CASE No. 257
ORDER No. R-59

ORDER OF THE COMMISSION

BY THE COMMISSION

This matter came on for hearing at 10:00 a.m. on the 20th day of February 1951 before the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 26th day of February 1951, the Commission having before it for consideration the testimony adduced at the hearing and being fully advised in the premises,

FINDS: 1. That due public notice of hearing having been given as required by law, has jurisdiction of the cause.

2. That subsections (b) and (c) of Section 1 of the Commission's Order No. 748 should be amended.

IT IS THEREFORE ORDERED: That subsections (b) and (c) of Section 1 of Order No. 748, adopted June 22, 1948, be and the same are hereby amended to read, respectively, as follows:

"(b) Such drilling unit be a quarter section of approximately 160 acres within a specific section, except for normal variations in legal subdivisions of the United States Public Land Surveys; exceptions as to specific sections may, after notice and hearing, be authorized," and,

"(c) Such well be located on its drilling unit at a distance from the unit boundaries of not less than 990 feet; provided however that a tolerance not in excess of 200 feet is permissible; and provided further that if such proposed new well is to be an offset to any then producing gas well completed in the pool, or the drilling of which has been authorized prior to the effective date of this order, located on an adjoining unit in which the interests are not identical with those in the unit proposed to be drilled, such proposed well may be located and drilled offsetting the existing well and as close to the common unit boundary line as the well to be so offset."

IT IS FURTHER ORDERED that the Commission may substitute underlined revisions hereof in the supplement of the official Rules and Regulations of the Commission.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

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. 598
ORDER NO. R-397

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR A REVISION
OF RULE 104 (b) PERTAINING IN
PART TO WELL SPACING IN SAN
JUAN, RIO ARRIBA, SANDOVAL AND
McKINLEY COUNTIES, NEW MEXICO
AND FOR A REVISION OF ORDERS R-59,
R-46 AND R-110 PERTAINING TO
SPACING OF GAS WELLS TO BE
DRILLED TO THE PICTURED CLIFFS
FORMATION AND TO THE MESAVERDE
FORMATION.

Fulcher Kutz
Aztec
West Kutz

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 15, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 17th day of December, 1953, the Commission, a quorum being present, having considered the records and the testimony adduced and being fully advised in the premises,

FINDS:

(1) That the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That there is need for a revision of Rule 104, Paragraph (b) of the Commission's Rules and Regulations; and for a revision of Commission Orders R-46, R-59, and R-110, pertaining to the spacing of gas wells in gas pools producing from the Pictured Cliffs and Mesaverde formation.

IT IS THEREFORE ORDERED:

(1) That the application of the Oil Conservation Commission be and the

same hereby is revised as follows:

"RULE 104 (b): Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter quarter section or lot, being a legal subdivision of the U. S. Public Land Surveys and shall be located within 100 feet of the center of the 40 acre subdivision, except in San Juan, Rio Arriba and Sandoval Counties, where a wildcat well shall be located on a designated drilling tract of not less than 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundary line of the tract provided however that a tolerance of 200 feet is permissible."

(3) That those portions of Orders R-46 and R-59 pertaining to the spacing of gas wells within the defined limits of gas pools producing from the Pictured Cliffs formation be and the same hereby are amended and revised as follows:

"Any well drilled within the defined limits of a designated gas pool producing from the Pictured Cliffs formation shall be located on a designated drilling tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundary line of the quarter section, provided however that a tolerance of 200 feet is permissible."

(4) That Paragraph (c) of Section 1 of Order R-110 pertaining to the location of wells drilled within the defined limits of the Blanco Mesaverde Gas Pool be and the same hereby is amended and revised as follows:

"Section 1. (c) Such well shall be located 990 feet from the outer boundary of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

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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. 729
Order No. R-565

THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER PROMULGATING RULES AND REGULATIONS AFFECTING AND CONCERNING THE FULCHER KUTZ-PICTURED CLIFFS, THE AZTEC-PICTURED CLIFFS, AND THE SOUTH BLANCO-PICTURED CLIFFS GAS POOLS IN SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO; MATTERS CONSIDERED BEING GAS POOL DELINEATION AND DEFINITION, GAS PRORATION, GAS WELL SPACING, GAS WELL ALLOWABLES, GAS PRORATION UNITS AND RELATED MATTERS CONCERNING THE ABOVE-NAMED POOLS.

Fulcher Kutz
Aztec
So. Blanco

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on June 16, 1954, and was thereupon continued to October 14, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 23rd. day of December, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under various Commission orders, the Commission has created and defined the vertical and horizontal limits of the Fulcher Kutz-Pictured Cliffs Gas Pool, the Aztec-Pictured Cliffs Gas Pool and the South Blanco-Pictured Cliffs Gas Pool and by subsequent orders, the horizontal boundaries of the above-named pools have been extended.

(3) That the producing capacity of the gas wells in the Fulcher Kutz-Pictured Cliffs gas pool is greater than the market demand for gas from said pool and that, for the purpose of preventing waste and protecting correlative rights,

appropriate rules and procedures should be adopted to provide a method of allocating gas among proration units in the Fulcher Kutz-Pictured Cliffs gas pool.

(4) That the producing capacity of gas wells in the Aztec-Pictured Cliffs gas pool is greater than the market demand for gas from said pool and that, for the purpose of protecting correlative rights and preventing waste, appropriate rules and procedures should be adopted to provide a method of allocating gas among proration units in the Aztec-Pictured Cliffs gas pool.

(5) That the producing capacity of gas wells in the South Blanco-Pictured Cliffs gas pool is greater than the market demand for gas from said pool and that, for the purpose of preventing waste and protecting correlative rights, appropriate rules and procedures should be adopted to provide a method of allocating gas among proration units in the South Blanco-Pictured Cliffs gas pool.

(6) That geological evidence indicates the need for a revision of the defined limits of the Fulcher Kutz-Pictured Cliffs gas pool, the Aztec-Pictured Cliffs gas pool and the South Blanco-Pictured Cliffs gas pool.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Fulcher Kutz-Pictured Cliffs gas pool shall be that area described in Exhibit "A" attached hereto and made a part hereof.

(2) That the horizontal limits of the Aztec-Pictured Cliffs gas pool shall be that area described in Exhibit "B" attached hereto and made a part hereof.

(3) That the horizontal limits of the South Blanco-Pictured Cliffs gas pool shall be that area described in Exhibit "C" attached hereto and made a part hereof.

(4) That special pool rules applicable to the Fulcher Kutz-Pictured Cliffs Gas Pool, the Aztec-Pictured Cliffs Gas Pool and the South Blanco-Pictured Cliffs Gas Pool, be and the same hereby are promulgated, as follows:

SPECIAL RULES AND REGULATIONS
FOR THE FULCHER KUTZ-PICTURED CLIFFS
GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the Fulcher Kutz-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Fulcher Kutz-Pictured Cliffs Gas Pool.

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

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

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written stipulation that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Fulcher Kutz-Pictured Cliffs gas pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Fulcher Kutz-Pictured Cliffs gas pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

(1) The proposed non-standard proration unit consists of less than 158 acres.

(2) The unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys;

(3) The acreage assigned the non-standard unit lies wholly within a legal section.

(4) The acreage assigned the non-standard unit is contiguous with the acreage containing said well.

(5) The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

(6) The length or width of the non-standard gas proration unit does not exceed 2640 feet.

(7) The operator making application for such exception to Rule 6 (a) includes with such application:

(a) Waivers from (1) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration units; and (2) all operators owning interests in acreage offsetting the non-standard proration unit; or

(b) A list of names and mailing addresses of all operators outlined in paragraph (a), together with proof of the fact that said operators were notified by registered mail of the intent of the applicant to form such non-standard gas proration unit. The Secretary of the Commission may approve such application if, after a period of 20 days following the mailing of said notice, no operator as outlined in paragraph (a) above has entered an objection to the formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the Fulcher Kutz-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amount of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the Fulcher Kutz-Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the Fulcher Kutz-Pictured Cliffs Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary or supplemental nominations, whichever is applicable, together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All communications shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the Fulcher Kutz-Pictured Cliffs Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner:

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD" factor bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage factors of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-A; provided, however, that the deliverability pressure shall be determined as follows:

"Deliverability pressure", as employed herein, shall be equal to fifty percent, (50%) of the seven (7) day shut-in pressure of each respective well.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a.m., M.S.T. February 1, and 7 o'clock a.m., M.S.T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the Fulcher Kutz-Pictured Cliffs pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the first proration period shall commence on March 1, 1955, and shall continue for a period of eleven months until February 1, 1956. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverabilit such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission by the purchaser, or the filing date of Form C-104, Form C-110 and the above-described plat, whichever date is the later. Affidavits of connection will be submitted to the District Office of the Commission, Box 697, Aztec, New Mexico.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-A has been submitted.

In the absence of deliverability test data on newly completed wells, the open-flow potential taken in conformance with Order R-333-A may be used in approximating the well's deliverability. In this instance, an assumed deliverability equal to 15% of the volume of gas produced in the initial potential test will be used. The allowable thus established using an estimated deliverability shall be a tentative allowable and such allowable will be recalculated using the deliverability test data upon the submission of such data to the Commission.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

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RULE 14: Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission by the purchaser, or the filing date of Form C-104, Form C-110 and the above-described plat, whichever date is the later. Affidavits of connection will be submitted to the District Office of the Commission, Box 697, Aztec, New Mexico.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-A has been submitted.

In the absence of deliverability test data on newly completed wells, the open-flow potential taken in conformance with Order R-333-A may be used in approximating the well's deliverability. In this instance, an assumed deliverability equal to 15% of the volume of gas produced in the initial potential test will be used. The allowable thus established using an estimated deliverability shall be a tentative allowable and such allowable will be recalculated using the deliverability test data upon the submission of such data to the Commission.

Deliverability tests shall be taken and calculated in conformance with Order R-333-A, the provisions of Rule 10 of this order and the testing schedule provision of Order R-333-A.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, such form to reach the Commission on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Fulcher Kutz-Pictured Cliffs gas pool shall submit a report to the Commission, such report to reach the Commission on or before the 24th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed on the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the Fulcher Kutz-Pictured Cliffs gas pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

SPECIAL RULES AND REGULATIONS FOR THE AZTEC-PICTURED CLIFFS GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the Aztec-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Aztec-Pictured Cliffs Gas Pool.

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

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

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written stipulation that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Aztec-Pictured Cliffs Gas Pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Aztec-Pictured Cliffs gas pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided,

however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

(1) The proposed non-standard proration unit consists of less than 158 acres.

(2) The unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys;

(3) The acreage assigned the non-standard unit lies wholly within a legal section.

(4) The acreage assigned the non-standard unit is contiguous with the acreage containing said well.

(5) The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

(6) The length or width of the non-standard gas proration unit does not exceed 2640 feet.

(7) The operator making application for such exception to Rule 6 (a) includes with such application:

(a) Waivers from (1) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration units; and (2) all operators owning interests in acreage offsetting the non-standard proration unit; or

(b) A list of names and mailing addresses of all operators outlined in paragraph (a) together with proof of the fact that said operators were notified by registered mail of the intent of the applicant to form such non-standard gas proration unit. The Secretary of the Commission may approve such application if, after a period of 20 days following the mailing of said notice, no operator as outlined in paragraph (a) above has entered an objection to the formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the Aztec-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amount of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the Aztec-Pictured Cliffs gas pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the Aztec-Pictured Cliffs pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary or supplemental nominations, whichever is applicable, together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All communications shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the Aztec-Pictured Cliffs Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner:

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD" factor bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage factors of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-A; provided, however, that the deliverability pressure shall be determined as follows:

"Deliverability pressure", as employed herein, shall be equal to fifty percent (50%) of the seven (7) day shut-in pressure of each respective well.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a.m., M.S.T. February 1, and 7 o'clock a.m., M.S.T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the Aztec-Pictured Cliffs pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the first proration period shall commence on March 1, 1955, and shall continue for a period of eleven months until February 1, 1956. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission by the purchaser, or the filing date of Form C-104 and Form C-110 and the above-described plat, whichever date is the later. Affidavits of connection will be submitted to the District Office of the Commission, Box 697, Aztec, New Mexico.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-A has been submitted.

In the absence of deliverability test data on newly completed wells, the open-flow potential taken in conformance with Order R-333-A may be used in approximating the well's deliverability. In this instance, an assumed deliverability equal to 15% of the volume of gas produced in the initial potential test will be used. The allowable thus established using an estimated deliverability shall be a tentative allowable and such allowable will be recalculated using the deliverability test data upon the submission of such data to the Commission.

Deliverability tests shall be taken and calculated in conformance with Order R-333-A, the provisions of Rule 10 of this order and the testing schedule provisions of Order R-333-A.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, such form to reach the Commission on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Aztec-Pictured Cliffs gas pool shall submit a report to the Commission, such report to reach the Commission on or before the 24th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed on the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the Aztec-Pictured Cliffs gas pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

SPECIAL RULES AND REGULATIONS FOR THE SOUTH BLANCO-PICTURED CLIFFS GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the South Blanco-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the South Blanco-Pictured Cliffs Gas Pool.

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

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

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written stipulation that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the South Blanco-Pictured Cliffs gas pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the South Blanco-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

(1) The proposed non-standard proration unit consists of less than 158 acres.

(2) The unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

(3) The acreage assigned the non-standard unit lies wholly within a legal section.

(4) The acreage assigned the non-standard unit is contiguous with the acreage containing said well.

(5) The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

(6) The length or width of the non-standard gas proration unit does not exceed 2640 feet.

(7) The operator making application for such exception to Rule 6 (a) includes with such application:

(a) Waivers from (1) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration units; and (2) all operators owning interests in acreage offsetting the non-standard proration unit; or

(b) A list of names and mailing addresses of all operators outlined in paragraph (a), together with proof of the fact that said operators were notified by registered mail of the intent of the applicant to form such non-standard gas proration

unit. The Secretary of the Commission may approve such application if, after a period of 20 days following the mailing of said notice, no operator as outlined in paragraph (a) above has entered an objection to the formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the South Blanco-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amount of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the South Blanco-Pictured Cliffs gas pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the South Blanco-Pictured Cliffs pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary or supplemental nominations, whichever is applicable, together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All communications

shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the South Blanco-Pictured Cliffs Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner:

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD" factor bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage factors of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-33[illegible], provided however, that the deliverability pressure shall be determined as follows:

"Deliverability pressure", as employed herein, shall be equal to fifty percent, (50%) of the seven (7) day shut-in pressure of each respective well.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a.m., M.S.T. February 1, and 7 o'clock a.m., M.S.T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the South Blanco-Pictured Cliffs Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the first proration period shall commence on March 1, 1955, and shall continue for a period of eleven months until February 1, 1956. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall

be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission by the purchaser, or the filing date of Form C-104 and Form C-110 and the above-described plat, whichever date is the later. Affidavits of connection will be submitted to the District Office of the Commission, Box 697, Aztec, New Mexico.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-A has been submitted.

In the absence of deliverability test data on newly completed wells, the open-flow potential taken in conformance with Order R-333-A may be used in approximating the well's deliverability. In this instance, an assumed deliverability equal to 15% of the volume of gas produced in the initial potential test will be used. The allowable thus established using an estimated deliverability shall be a tentative allowable and such allowable will be recalculated using the deliverability test data upon the submission of such data to the Commission.

Deliverability tests shall be taken and calculated in conformance with Order R-333-A, the provisions of Rule 10 of this order and the testing schedule provisions of Order R-333-A.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, such form to reach the Commission on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the South Blanco-Pictured Cliffs gas pool shall submit a report to the Commission, such report to reach the Commission on or before the 24th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed on the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the South Blanco-Pictured Cliffs gas pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

The following provisions shall apply to the Aztec Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool and the South Blanco-Pictured Cliffs Gas Pool.

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill or Recomplete", or USGS Form 3-391-a, whichever is applicable, all operators shall strictly comply with the applicable provisions of Order R-397. Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall file with the Commission a list of all wells within each pool connected to their gas transportation facility as of February 1, 1955, and shall furnish connection notices thereafter, in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

The list required above shall contain the name of the operator, lease name, well number, unit, and location of the well (Section, Township and Range). Connection notices shall indicate the date of connection in addition to the above-listed data.

EXHIBIT "A"

Horizontal limits of the Fulcher Kutz-Pictured Cliffs Gas Pool.

TOWNSHIP 27 NORTH, RANGE 9 WEST
W/2 Sec. 6, All Sec. 7, S/2 and NW/4
of Sec. 17, all Secs. 18, 19, & 20,
W/2 Sec. 28, all Secs. 29 & 30.

EXHIBIT "A" (Continued)

TOWNSHIP 27 NORTH, RANGE 10 WEST
All Secs. 1 thru 17 incl. E/2 Sec. 18, E/2 Sec. 19. All Secs. 20 thru 28, incl.

TOWNSHIP 27 NORTH, RANGE 11 WEST
E/2 Sec. 1, E/2 Sec. 12

TOWNSHIP 28 NORTH, RANGE 10 WEST
S/2 Sec. 17, all Secs. 18 thru 22, incl.
All Secs. 26 thru 35, incl.

TOWNSHIP 28 NORTH, RANGE 11 WEST
E/2 Partial Section 10; all Partial Sections 11 & 12, All Secs. 13 & 14, E/2 Section 15, NE/4 Sec. 23, All Sec. 24, E/2 Sec. 25, E/2 Sec. 36.

TOWNSHIP 29 NORTH, RANGE 11 WEST
SW/4 Sec. 7, SW/4 Sec. 17, W/2 and SE/4 Sec. 18, All Secs. 19 & 20, SW/4 Sec. 21, SW/4 Sec. 27, All Secs. 28, 29 & 30, NE/4 Sec. 31, N/2 Sec. 32, N/2 Sec. 33, All Sec. 34, SW/4 Sec. 35.

TOWNSHIP 29 NORTH, RANGE 12 WEST
All Sec. 2, N/2 and SE/4 Sec. 3, N/2 Sec. 4, N/2 Sec. 5, N/2 Section 6, E/2 Sec. 10, all Secs. 11, 12 and 13

TOWNSHIP 29 NORTH, RANGE 13 WEST
NE/4 Sec. 1

TOWNSHIP 30 NORTH, RANGE 12 WEST
All of Sec. 19, SW/4 Sec. 20, W/2 Sec. 27, all of Secs. 28 thru 34 incl. SW/4 Sec. 35.

EXHIBIT "B"

Horizontal limits of the Aztec-Pictured Cliffs Gas Pool

TOWNSHIP 28 NORTH, RANGE 9 WEST
All of Partial Section 7, All of Secs. 18 and 19, 20, 29, & 30 NE/4 Sec. 31, all Sec. 32

TOWNSHIP 28 NORTH, RANGE 10 WEST
E/2 Partial Sec. 12, NE/4 Sec. 13

EXHIBIT "B" (Continued)

TOWNSHIP 29 NORTH, RANGE 9 WEST
All Secs. 30 and 31

TOWNSHIP 29 NORTH, RANGE 10 WEST
All Secs. 3 thru 10, inclusive.
SW/4 Sec. 13, All Secs. 14 thru 18, incl.
NE/4 Sec. 19, All Secs. 20 thru 28, incl.
N/2 Sec. 29, NE/4 Sec. 34, N/2 Sec. 35, all Sec. 36

TOWNSHIP 29 NORTH, RANGE 11 WEST
All Secs. 1 thru 4, incl. N/2 Sec. 5, N/2 Sec. 11, All Secs. 12 NE/4 Sec. 13

TOWNSHIP 30 NORTH, RANGE 10 WEST
All Secs. 17 thru 20, incl.
SW/4 Sec. 28, all Secs. 29 thru 33, incl.

TOWNSHIP 30 NORTH, RANGE 11 WEST
W/2 Sec. 2, all Secs. 3, 4, & 5.
All Secs. 7 thru 10, incl. W/2 Sec. 11
All Secs. 13 thru 30, incl.
All Secs. 32 thru 36, incl.

TOWNSHIP 30 NORTH, RANGE 12 WEST
SE/4 Sec. 12, E/2 Sec. 13, E/2 Sec. 24
All Sec. 25.

TOWNSHIP 31 NORTH, RANGE 11 WEST
S/2 Sec. 33

EXHIBIT "C"

Horizontal limits of the South Blanco-Pictured Cliffs Gas Pool.

TOWNSHIP 26 NORTH, RANGE 5 WEST
S/2 Sec. 19, N/2 Sec. 30

TOWNSHIP 26 NORTH, RANGE 6 WEST
S/2 Sec. 2, all Secs. 3 thru 11, incl.
SW/4 Sec. 12, all of Secs. 13 thru 24, incl.
N/2 Sec. 25, N/2 Sec. 26, N/2 Sec. 27,
N/2 Sec. 28, N/2 Sec. 29, N/2 Sec. 30.

EXHIBIT "C" (Continued)

TOWNSHIP 26 NORTH, RANGE 7 WEST
All of Secs. 1 thru 16, incl.
N/2 Sec. 17, N/2 Sec. 21, all of
Secs. 22, 23 and 24.

TOWNSHIP 26 NORTH, RANGE 8 WEST
All of Sec. 1

TOWNSHIP 27 NORTH, RANGE 6 WEST
All of Secs. 29, 30, 31 and 32
S/2 Sec. 33, S/2 Sec. 34

TOWNSHIP 27 NORTH, RANGE 7 WEST
S/2 Sec. 6, all of Sec. 7,
SW/4 Sec. 13; S/2 Sec. 14, S/2 Sec. 15,
S/2 Sec. 16, All of Secs. 17 thru 23 incl.
W/2 Sec. 24, All of Secs. 25 thru 36, incl.

TOWNSHIP 27 NORTH, RANGE 8 WEST
All of Secs. 5 thru 30, incl.
All of Secs. 35 and 36

TOWNSHIP 27 NORTH, RANGE 9 WEST
S/2 Sec. 1, S/2 Sec. 2, S/2 Sec. 3
E/2 Sec. 9, all of Secs. 10, 11, 12, 13, & 14,
E/2 Sec. 23, all Secs. 24 and 25,
NE/4 Sec. 26.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 729
Order No. R-565-A

Fulcher Kutz
Aztec
So. Blanco

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER PROMULGATING RULES AND REGULATIONS AFFECTING AND CONCERNING THE FULCHER KUTZ-PICTURED CLIFFS, THE AZTEC-PICTURED CLIFFS AND THE SOUTH BLANCO-PICTURED CLIFFS GAS POOLS IN SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO; MATTERS CONSIDERED BEING GAS POOL DELINEATION, GAS POOL DEFINITION, GAS PRORATION, GAS WELL SPACING, GAS WELL ALLOWABLES, GAS PRORATION UNITS AND RELATED MATTERS CONCERNING THE ABOVE-NAMED GAS POOLS.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order R-565, dated December 23, 1954, does not correctly and accurately state the order of the Commission in certain particulars due to inadvertence and clerical error,

IT IS THEREFORE ORDERED:

That Order No. R-565, as the same appears in the records of the Commission, and the original of said order, be amended in the following respects and particulars:

(1) Rule 3 of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool is ordered stricken and the following paragraph substituted therefor:

"Any well drilled within the defined limits of the Fulcher Kutz-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U.S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at

least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible."

(2) Rule 3 of the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool is ordered stricken and the following paragraph substituted therefor:

"Any well drilled within the defined limits of the Aztec-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 surface contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible."

(3) Rule 3 of the Special Rules and Regulations for the Blanco-Pictured Cliffs Gas Pool is ordered stricken and the following paragraph substituted therefor:

"Any well drilled within the defined limits of the Blanco-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 surface contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible."

IT IS FURTHER ORDERED: That the corrections and changes set forth in this order be entered nunc pro tunc in the original order as of December 23, 1954, the date of said original order.

DONE at Santa Fe, New Mexico, on this 7th day of January, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L
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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. 729
Order No. R-565-B

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER PROMULGATING RULES AND REGULATIONS AFFECTING AND CONCERNING THE FULCHER KUTZ-PICTURED CLIFFS, THE AZTEC-PICTURED CLIFFS, AND THE SOUTH BLANCO-PICTURED CLIFFS GAS POOLS IN SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO: MATTERS CONSIDERED BEING GAS POOL DELINEATION, GAS POOL DEFINITION, GAS PRORATION, GAS WELL SPACING, GAS WELL ALLOWABLES, GAS PRORATION UNITS AND RELATED MATTERS CONCERNING THE ABOVE-NAMED POOLS.

So. Blanco

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order R-565-A, dated January 7, 1955, does not correctly and accurately state the order and intent of the Commission in certain particulars due to inadvertence and clerical error, the Commission

FINDS:

That Paragraph 3 of said order should be correctly stated to correct the error in pool designation.

IT IS THEREFORE ORDERED:

That Order R-565-A, as the same appears in the records of the Commission, and the original of said order, be amended in the following respects and particulars:

That Paragraph 3, under IT IS THEREFORE ORDERED, be changed to read as follows:

(3) Rule 3 of the Special Rules and Regulations for the South Blanco-Pictured Cliffs Gas Pool is ordered stricken and the following paragraph substituted therefor:

"Any well drilled within the defined limits of the South Blanco-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 surface contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible."

IT IS FURTHER ORDERED:

That the corrections and changes set forth in this order be entered nunc pro tunc as of January 7, 1955, the date of said Order R-565-A.

DONE at Santa Fe, New Mexico, on this 16th day of February, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

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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:

729)
859)
CASES: 860) Consolidated
941)
ORDER NO. R-565-C

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
REVISING ORDER R-565 AFFECTING
AND CONCERNING THE FULCHER KUTZ-
PICTURED CLIFFS, THE AZTEC-PICTURED
CLIFFS, AND THE SOUTH BLANCO-PICTURED
CLIFFS GAS POOLS IN SAN JUAN AND RIO
ARRIBA COUNTIES, NEW MEXICO.

Fulcher Kutz
Aztec
So. Blanco

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on June 16, 1954, and was thereupon continued to October 14, 1954, March 16, 1955 and August 17, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 13th day of October, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That there is need for the revision of Orders R-565, R-565-A, R-565-B, R-614, R-620 and their consolidation into this order, due to the revision of Order R-333-B.

IT IS THEREFORE ORDERED:

That special pool rules applicable to the Fulcher Kutz-Pictured Cliffs Gas Pool, the Aztec-Pictured Cliffs Gas Pool and the South Blanco Pictured Cliffs Gas Pool, be and the same hereby are promulgated, as follows:

SPECIAL RULES AND REGULATIONS
FOR THE FULCHER KUTZ-PICTURED CLIFFS
GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the Fulcher Kutz-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Fulcher Kutz-Pictured Cliffs Gas Pool.

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

RULE 3: Any well drilled within the defined limits of the Fulcher Kutz-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible.

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well, a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Fulcher Kutz-Pictured Cliffs Gas Pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Fulcher Kutz-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary of the Commission shall have authority to grant an exception to Rule 6 (A) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The proposed non-standard proration unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nomina-

tions" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the Fulcher Kutz-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amount of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the Fulcher Kutz-Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the Fulcher Kutz-Pictured Cliffs Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary or supplemental nominations, whichever is applicable, together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All communications shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the Fulcher Kutz-Pictured Cliffs Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner:

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD" factor

bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage factors of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

Any well having a calculated allowable less than that of the largest allowable assigned a marginal well shall be assigned an allowable equal to the largest marginal allowable; provided that the allowable so assigned shall not be greater than the well's ability to produce. If the allowable so assigned is greater than the well's ability to produce, the well shall be limited to its ability to produce. All wells with allowables so assigned shall be classified as marginal wells.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a. m., M. S. T. February 1, and 7 o'clock a. m., M. S. T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the Fulcher Kutz-Pictured Cliffs Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the first proration period shall commence on March 1, 1955, and shall continue for a period of eleven months until February 1, 1956. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well

should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser,

(b) The latest filing date of Form C-104, C-110 or the above described plat, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122 in conformance with the provisions of R-333-C,

whichever date is the later.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-C has been submitted.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provision of Order R-333-C.

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective the first of the month following receipt and approval of Form C-122-A for such test. Such tests shall be taken in accordance with Order R-333-C.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be

used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, and such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Fulcher Kutz-Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed on the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the Fulcher Kutz-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

SPECIAL RULES AND REGULATIONS FOR THE AZTEC-PICTURED CLIFFS GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the Aztec-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in the Aztec-Pictured Cliffs Gas Pool.

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

RULE 3: Any well drilled within the defined limits of the Aztec-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 surface contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible.

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Aztec-Pictured Cliffs Gas Pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Aztec-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this Rule.

> The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary of the Commission shall have authority to grant an exception to Rule 6 (A) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the Aztec-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amount of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the Aztec-Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the Aztec-Pictured Cliffs Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary or supplemental nominations, whichever is applicable, together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All communications shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the Aztec-Pictured Cliffs Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner:

The Product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD" factor bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage factors of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

Any well having a calculated allowable less than that of the largest allowable assigned a marginal well shall be assigned an allowable equal to the largest marginal allowable; provided that the allowable so assigned shall not be greater than the well's ability to produce. If the allowable so assigned is greater than the well's ability to

produce, the well shall be limited to its ability to produce. All wells with allowables so assigned shall be classified as marginal wells.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a. m., M. S. T. February 1, and 7 o'clock a. m., M. S. T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the Aztec-Pictured Cliffs Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the first proration period shall commence on March 1, 1955, and shall continue for a period of eleven months until February 1, 1956. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and

Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser.

(b) the latest filing date of Form C-104, C-110 or the above described plat, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C,

whichever date is the later.

No well shall be assigned an allowable unless a deliverability test, taken in conformance with the provisions of Order R-333-C has been submitted.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provisions of Order R-333-C.

A change in a wells deliverability due to retest or test after recompletion or workover shall become effective the first of the month following receipt and approval of Form C-122-A for such test. Such tests shall be taken in accordance with Order R-333-C.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, and such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Aztec Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed on the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the Aztec-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by Order of the Commission after notice and hearing.

SPECIAL RULES AND REGULATIONS FOR THE SOUTH BLANCO-PICTURED CLIFFS GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the South Blanco-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the South Blanco-Pictured Cliffs Gas Pool.

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

RULE 3: "Any well drilled within the defined limits of the South Blanco-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 surface contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible."

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of

objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the South Blanco-Pictured Cliffs Gas Pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the South Blanco-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary of the Commission shall have authority to grant an exception to Rule 6 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

   (a) all operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) all operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the South Blanco-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amount of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the South Blanco-Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the South Blanco-Pictured Cliffs Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary or supplemental nominations, whichever is applicable together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All Communications shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the South Blanco-Pictured Cliffs Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner:

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD" factor bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage factors of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

Any well having a calculated allowable less than that of the largest allowable assigned a marginal well shall be assigned an allowable equal to the largest marginal allowable; provided that the allowable so assigned shall not be greater than the well's ability to produce. If the allowable so assigned is greater than the well's ability to produce, the well shall be limited to its ability to produce. All wells with allowables so assigned shall be classified as marginal wells.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a. m., M. S. T., February 1, and 7 o'clock a. m., M. S. T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the South Blanco-Pictured Cliffs Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the first proration period shall commence on March 1, 1955, and shall continue for a period of eleven months until February 1, 1956. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, N. M.) by the purchaser,

(b) the latest filing date of Form C-104, C-110 or the above described plat, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C,

whichever date is the later.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-C has been submitted.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provisions of Order R-333-C.

A change in a wells deliverability due to retest or test after recompletion or workover shall become effective the first of the month following receipt and approval of Form C-122-A for such test. Such tests shall be taken in accordance with Order R-333-C.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, and such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the South Blanco-Pictured Cliffs Gas Pool shall submit a report to the Commission and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed on the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the South Blanco-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

The following provisions shall apply to the Aztec Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool and the South Blanco-Pictured Cliffs Gas Pool.

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill or Recomplete", or USGS Form 9-331-a, (whichever is applicable), all operators shall

strictly comply with the applicable provisions of Rule 104 (b). Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall furnish connection notices to the Commission in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 997
Order No. R-565-D

THE APPLICATION OF THE OIL CONSERVATION COMMISSION AT THE REQUEST OF PUBCO DEVELOPMENT, INCORPORATED, FOR AN ORDER REVISING RULE 9 OF ORDER R-128-D, PERTAINING TO THE BLANCO-MESAVERDE GAS POOL RULES; RULE 14 OF ORDER R-565-C PERTAINING TO THE AZTEC-PICTURED CLIFFS POOL RULES; RULE 14 OF ORDER R-565-C PERTAINING TO THE SOUTH BLANCO-PICTURED CLIFFS GAS POOL RULES; RULE 14 OF ORDER R-565-C, PERTAINING TO THE FULCHER KUTZ-PICTURED CLIFFS GAS POOL RULES AND RULE 14 OF ORDER R-566-D, PERTAINING TO THE WEST KUTZ-PICTURED CLIFFS GAS POOL RULES; SAID RULES PROPOSE TO REVISE THE EXISTING RULES PERTAINING TO THE ASSIGNMENT OF ALLOWABLES ON RECOMPLETED WELLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 19, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 29th., day of March 1956, the Commission, a quorum being present having considered the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That the revision of paragraph 4 of Rule 9 of Order R-128-D, pertaining to the Blanco-Mesaverde Gas Pool Rules and revision of Paragraph 4 of Rule 14 of Order R-566-D pertaining to the West Kutz-Pictured Cliffs Gas Pool Rules are being covered by other orders of this Commission.

(3) That sufficient evidence has been adduced to indicate the advisability of revising paragraph 4 of Rule 14 of Order R-565-C pertaining to the Aztec-Pictured Cliffs Gas Pool Rules; paragraph 4 of Rule 14 of Order R-565-C pertaining to the South Blanco-Pictured Cliffs Gas Pool; and paragraph 4 of Rule 14 of Order R-565-C pertaining to the Fulcher Kutz-Pictured Cliffs Gas Pool Rules, and that said rules should be revised herein.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission at the request of Pubco Development, Incorporated, for an order revising paragraph 4 of Rule 14 of Order R-565-C, pertaining to the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool, be and the same is hereby approved and paragraph 4 of Rule 14 of Order R-565-C of the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool shall be revised to read as follows:

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator; or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D; or,

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work: If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

That the application of the Oil Conservation Commission at the request of Pubco Development, Incorporated, for an order revising paragraph 4 of Rule 14 of Order R-565-C, of the Special Rules and Regulations to the South Blanco-Pictured Cliffs Gas Pool, be and the same is hereby approved and paragraph 4 of said Rule 14 of Order R-565-C of the Special Rules and Regulations of the South Blanco-Pictured Cliffs Gas Pool, shall be revised to read as follows:

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator; or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D; or,

(c) A date of 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work; If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at anytime that there is a change in the acreage dedicated to said well);

whichever date is later.

That the application of the Oil Conservation Commission at the request of Pubco Development, Incorporated, for an order revising paragraph 4 of Rule 14 of Order R-565-C of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, be and the same is hereby approved, and that Paragraph 4 of said Rule 14, of Order R-565-C of the Special Rules and Regulations of the Fulcher Kutz-Pictured Cliffs Gas Pool, be and the same is hereby revised to read as follows:

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator; or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D; or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work; If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 859
Order No. R-614

THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER AMENDING AND REVISING PROVISIONS OF ORDER NO. R-565, RULE 6 (B) THEREOF, OF THE SPECIAL RULES AND REGULATIONS FOR THE FULCHER KUTZ-PICTURED CLIFFS GAS POOL, AZTEC-PICTURED CLIFFS GAS POOL, AND THE SOUTH BLANCO-PICTURED CLIFFS GAS POOL.

Fulcher Kutz
Aztec
So. Blanco

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 20th., day of April, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That the present provisions of Rule 6 (B) of Order No. R-565 limit the administrative approval of non-standard proration units to only those units which are variations in legal quarter sections of less than 160 acres due to irregularities in the land survey, and

(3) That the consideration of applications for approval of non-standard gas proration units, other than those involving variations in the public land survey, only upon notice and hearing, places an undue burden and inconvenience upon both applicants and this Commission.

(4) That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to adopt the revised and amended Rule 6 (B) as presented at the hearing in this matter.

IT IS THEREFORE ORDERED:

That Rule 6 (B) of Order R-565, of each group of Special Pool Rules for the Aztec-Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool and the South Blanco-Pictured Cliffs Gas Pool, be and the same is hereby amended to read as follows:

RULE 6 (B): The Secretary-Director of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 160 acres, except where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of compliance with the stipulation set out in paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset

operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 860
Order No. R-620

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION AMENDING
AND REVISING PROVISIONS OF ORDER NO. R-565,
RULE 6 (A) THEREOF, OF THE SPECIAL RULES
AND REGULATIONS OF THE FULCHER KUTZ-
PICTURED CLIFFS GAS POOL, THE AZTEC-
PICTURED CLIFFS GAS POOL, AND THE SOUTH
BLANCO-PICTURED CLIFFS GAS POOL, TO
PROVIDE FOR A PROCEDURE IN ASSIGNING
ALLOWABLES TO WELLS LOCATED ON TRACTS
CONTAINING LESS THAN A STANDARD PRORATION
UNIT IN ORDER TO PREVENT THE PREMATURE
ABANDONMENT OF WELLS, CAUSED BY ASSIGNMENT
OF LOW ALLOWABLES.

Fulcher Kutz
Aztec
So. Blanco

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 20th., day of April, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That Order No. R-565 at the present time makes no provision for adjusting the allowable of those wells located on tracts containing less than a standard spacing unit, and the allowables of these wells, as calculated under the present proration formula will be below the economic producing level.

(3) That the adoption of the revisions and amendments to Order No. R-565 as presented in hearing will provide for a procedure in the assignment of allowable to these wells, and will prevent the premature abandonment of such wells which might result from the assignment of low allowables.

(4) That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to adopt the revised and amended Rule 6 (A) as presented at the hearing in this matter.

IT IS THEREFORE ORDERED:

1. That Rule 6 (A), Paragraph 2, of the Special Rules and Regulations for Aztec-Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool, and the South Blanco-Pictured Cliffs Gas Pool, as each is set forth in Order R-565, be and the same is hereby amended to read as follows:

RULE 6 (A), Paragraph 2:

"The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables."

2. That Rule 9 of the Special Pool Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool and the South Blanco-Pictured Cliffs Gas Pool as each is set forth in Order R-565, be and the same is hereby revised and extended to include the following additional paragraph:

"Any well having a calculated allowable less than that of the largest allowable assigned a marginal well shall be assigned an allowable equal to the largest marginal allowable; provided that the allowable so assigned shall not be greater than the well's ability to produce. If the allowable so assigned is greater than the well's ability to produce, the well shall be limited to its ability to produce. All wells with allowables so assigned shall be classified as marginal wells.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1164
Order No. R-967

APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS
OWN MOTION FOR AN ORDER REVISING THE
SPECIAL RULES AND REGULATIONS FOR ALL
PRORATED GAS POOLS IN THE STATE OF
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of April 1957, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That, in order to promote a more efficient gas prorationing procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

IT IS THEREFORE ORDERED:

(1) That Commission Order R-128-D dated October 13, 1955, amending the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool as set forth in Commission Order R-110, dated November 9, 1951, be and the same is hereby amended as follows:

RULE 3 - R-128-D

In the event a gas purchasers' market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 4 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 4 - R-128-D

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for

that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 5 - R-128-D

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 5-A - R-128-D

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above.

RULE 6 - R-128-D

Underproduction: Any non-marginal 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.

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.

RULE 7 - R-128-D

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowables.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 9 - (Second Paragraph) R-128-D

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 5 of this order.

(2) That the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, and South Blanco-Pictured Cliffs Gas Pool as set forth in Commission Order R-565-C, dated October 13, 1955, and the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool as set forth in Commission Order R-566-D, dated October 13, 1955; and the Special Rules and Regulations for the Ballard Pictured Cliffs Pool as set forth in Commission Order R-846, dated July 18, 1956, be and the same are hereby amended as follows:

RULE 8 - R-565-C, R-566-D, and R-846

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas be actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is

necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 9 - R-565-C, R-566-D and R-846

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 10 - 565-C, R-566-D & R-846

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 10A - R-565-C, R-566-D & R-846

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

RULE 11 - R-565-C, R-566-D, & R-846

Underproduction: Any non-marginal 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.

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.

RULE 12 - R-565-C, R-566-D & R-846

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 14 - R-565-C, R-566-D, & R-846

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

(3) That the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as set forth in Order R-520, dated August 12, 1954, and the Special Rules and Regulations for the Tubb, Byers-Queen and Justis Gas Pools as set forth in Order R-586, dated April 11, 1955 be and the same are amended as follows:

RULE 6 - R-520 and R-586

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other relevant data and shall fix the allowable production for the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an

allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

RULE 8 -R520 and R-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION

RULE 8-A - R-520 and R-586

The dates 7:00 a.m., January 1, and 7:00 a.m. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal 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.

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.

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is made up. If at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration peripd 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

(4) That the Special Rules and Regulations for the Blinebry Gas Pool as set forth in Order R-610, dated April 11, 1955, as amended by Order R-610-A, dated May 27, 1955, Order R-610-B, dated June 13, 1955, Order R-610-C, dated January 9, 1956, and Order R-610-D, dated February 26, 1957, be and the same are amended as follows:

RULE 10 - R-610

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production for the Blinebry Gas Pool.

(b) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

RULE 12 - R-610

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blinebry Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of

the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION
RULE 12-A - R-610

The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 13 - R-610

Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry 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.

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.

RULE 14 - R-610

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is over-produced less than 6 times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shutin upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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EXISTING GAS POOL RULES FOR
FULCHER KUTZ-PICTURED CLIFFS GAS POOL

FINDINGS:

1. That the Kutz Canyon and Fulcher Basin Gas Pools are productive of natural gas from the Pictured Cliffs sandstone formation, that such pools are contiguous and from all information available to date, appear to be one continuous gas producing area or pool in the Pictured Cliffs sandstone.

2. That such pool has produced natural gas for more than 15 years, during which time the average of wellhead pressures has declined approximately 200 P. S. I. gauge.

3. That by reason of rules of this Commission previously applicable to the pool, of the general practices of certain operators in the area and of policies of the U. S. Geological Survey, a fairly uniform spacing of one well to 160 acres has heretofore prevailed throughout most of the pool;

4. That one well will, in view of present evidence, economically and effectively drain the recoverable gas from at least 160 acres of the pool, and, accordingly, that more dense spacing in the pool may be conducive to waste and will unnecessarily increase the costs of development and production.

5. That for wells hereafter drilled, a general spacing pattern of one centrally located well on a unit of 160 acres, substantially in the shape of wells heretofore drilled on 160-acre tracts, for which general spacing pattern the pooling of properties should be encouraged when necessary;

6. That the gas productive area of the pool is likely to be substantially more extensive than the presently developed portion thereof;

7. That waste will result in the drilling of wells in the pool, unless special rules and regulations are adopted for the prevention thereof; and

8. That, while the Kutz Canyon-Fulcher Basin gas field has been commercially productive for more than 15 years, it has not been subject to cooperative action representative of the interest of all the operators or leaseholders within the area during that period. In addition, properties, holdings whose total acreage is either less than 160 acres or includes portions of 160-acre tracts, still exist within the pool boundaries, as herein defined. The number of such holdings will be likely to increase as the pool boundaries are extended by subsequent drilling.

(Above findings are all from Order No. 748.)

9. That the producing capacity of the gas wells in the Fulcher Kutz-Pictured Cliffs Gas Pool is greater than the market demand for gas from said pool and that, for the purpose of preventing waste and protecting correlative rights, appropriate rules and procedures should be adopted to provide a method of allocating gas among proration units in the Fulcher Kutz-Pictured Cliffs Gas Pool.

(Above finding is from Order R-565)

10. That the present provisions of Rule 6 (B) of Order R-565 limit the administrative approval of non-standard proration units to only those units which are variations in legal quarter sections of less than 160 acres due to irregularities in the land survey.

11. That the consideration of applications for approval of non-standard proration units, other than those involving variations in the public land survey, only upon notice and hearing, places an undue burden and inconvenience upon both applicants and this Commission.

12. That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to adopt the revised and amended Rule 6 (B) as presented at the hearing in this matter.

(The above three findings are from Order R-614.)

13. That Order R-565 at the present time makes no provision for adjusting the allowable of those wells located on tracts containing less than a standard spacing unit, and the allowables of these wells, as calculated under the present proration formula will be below the economic producing level.

14. That the adoption of the revisions and amendments to Order R-565 as presented in hearing will provide for a procedure in the assignment of allowable to these wells, and will prevent the premature abandonment of such wells which might result from the assignment of low allowables.

15. That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights to adopt the revised and amended Rule 6 (A) as presented at the hearing in this matter.

(The above three findings are from Order R-620.)

IT IS THEREFORE ORDERED:

That the special pool rules applicable to the Fulcher Kutz-Pictured Cliffs Gas Pool be and the same hereby are promulgated as follows:

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the Fulcher Kutz-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Fulcher Kutz-Pictured Cliffs Gas Pool.

(Originally in Order R-565, and copied in Order R-565-C.)

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

(Originally appears in Order R-565, and copied in Order R-565-C.)

RULE 3: Any well drilled within the defined limits of the Fulcher Kutz-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible.

(The subject matter of the three above rules is covered in Section 1 of Order 748, amended by Order R-59 and Order R-397. Rule 3 was rewritten in Order R-565, amended in Order R-565-A, and incorporated in its present form in Order R-565-C.)

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well, a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

(The subject matter of this rule was covered in Order 748, Section 2, rewritten in Order R-565, and incorporated in its present form in Order R-565-C.)

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Fulcher Kutz-Pictured Cliffs Gas Pool.

(First appeared in Order R-565, copied in Order R-565-C.)

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Fulcher Kutz-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provision of Paragraph (B) of this rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(Originally appeared in Order R-565, amended by Order R-620, and incorporated in Order R-565-C.)

(B) The Secretary of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The proposed non-standard proration unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

(Originally appeared in Order R-565, amended by Order R-614, and incorporated in Order R-565-C.)

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the Fulcher Kutz-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

(Originally appeared in Order R-565, copied in Order R-565-C.)

RULE 8: In the event a gas purchaser's market shall have increased or decreased he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability date, or other evidence as to the well's producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the well's producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

(Originally appeared in Order R-565, copied in Order R-565-C, amended by Order R-967.)

RULE 9: The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner.

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

(Originally appeared in Order R-565, amended by Order R-620, copied as amended in Order R-565-C, completed amended by Order R-967.)

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C and D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

Balancing of Production:

RULE 10-A: The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

(Originally appeared in Order R-565, amended by Order R-565-C, further amended by Order R-967.)

RULE 11: Underproduction: Any non-marginal 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.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

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.

(First appeared in Order R-565, copied in Order R-565-C.
Paragraph 1 was amended and paragraph 6 added by Order R-967.)

RULE 12: Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

(First appeared in Order R-565, copied in Order R-565-C, and amended by Order R-967.)

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

(First appeared in Order R-565, copied in Order R-565-C.)

RULE 14: Allowables to newly completed gas wells shall commence

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser,

(b) The latest filing date of Form C-104, C-110 or the above described plat, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122 in conformance with the provisions of R-333-C,

whichever date is the later.

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C and D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provision of Order R-333-C.

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator, or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D, or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

(First appeared in Order R-565. Paragraph 1 amended by Order R-565-C; paragraph 2 amended by Order R-967; paragraph 3 amended by Order R-565-C; paragraph 4 amended by Order R-565-D; paragraph 5 originally appeared in Order R-565 and copied in Order R-565-C.)

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, and such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Fulcher Kutz-Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed in the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

(First appeared in Order R-565, copied in Order R-565-C.)

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

(First appeared in Order R-565, copied in Order R-565-C.)

RULE 17: No gas, either dry gas or casinghead gas, produced from the Fulcher Kutz-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

(First appeared in Order R-565, copied in Order R-565-C.)

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill or Recomplete", or USGS Form 9-331-a, (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104 (b). Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall furnish connection notices to the Commission in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

(The substance of the above three paragraphs originally appeared in Order R-565; slightly amended by Order R-565-C.)

SOUTH BLANCO PICTURED CLIFFS

SOUTH BLANCO PICTURED CLIFFS GAS POOL
SAN JUAN COUNTY, NEW MEXICO

INDEX SHEET

R-156	May 20, 1952. Nomenclature case -- created pool.
* R-565	December 23, 1954. Basic Proration Order.
* R-565-A	January 7, 1955. Nunc Pro Tunc, corrects Rule 3 of So. Blanco but word So. inadvertantly omitted.
* R-565-B	February 16, 1955. Nunc Pro Tunc, corrects Rule 3 of So. Blanco R-565-A to add word So.
* R-565-C	October 13, 1955. Amends Order R-565 due to revision of Order R-333-B, and consolidates within this order the provisions of Order R-614 and R-620 below.
* R-565-D	March 29, 1956. Amends paragraph 4 of Rule 14 of Fulcher Kutz rules in Order R-565-C.
* R-614	April 20, 1955. Amends Rule 6 (B) of Order R-565 (consolidated into Order R-565-C).
* R-620	April 20, 1955. Amends Rule 6 (A), paragraph 2, and Rule 9 of Order R-565. (Consolidated into Order R-565-C.)
** R-672	August 17, 1955. Hearing to combine Ballard-Pictured Cliffs, and South Blanco-Pictured Cliffs, and/or Aztec-Pictured Cliffs, and/or Fulcher Kutz-Pictured Cliffs -- denied.
** R-672-A	September 6, 1955. Order granting rehearing on above.
** R-672-B	January 27, 1956. Rehearing on above -- consolidation of pools still denied.
R-736	December 29, 1955. Application of Amerada for 320 acre spacing in a portion of So. Blanco area -- denied.
R-845	July 18, 1956. Application to delete acreage from So. Blanco and define western limits of pool -- denied.

* Attached to Fulcher Kutz

** Attached to Ballard

R-939	January 16, 1957. Permission to conduct interference and maximum pressure build-up tests.
R-939-A	February 14, 1957. Nunc Pro Tunc, corrects errors in Order R-939.
* R-967	April 23, 1957. Amends various rules of Order R-565-C.
R-1044	September 9, 1957. Suspended balancing provisions of Order R-565-C from August 1, 1957 to January 31, 1958.
R-1065	October 3, 1957. Permission to conduct maximum pressure build-up tests.
R-1115	January 22, 1958. Granted extension of time for conducting annual deliverability tests on certain wells for the year 1957.
R-1300	December 17, 1958. Permission to conduct maximum pressure build-up tests.
R-1421	June 9, 1959. Permission to conduct maximum pressure build-up tests.

EXISTING GAS POOL RULES FOR SOUTH BLANCO-PICTURED CLIFFS GAS POOL

FINDINGS:

1. That the producing capacity of the gas wells in the South Blanco-Pictured Cliffs Gas Pool is greater than the market demand for gas from said pool and that, for the purpose of preventing waste and protecting correlative rights, appropriate rules and procedures should be adopted to provide a method of allocating gas among proration units in the South Blanco-Pictured Cliffs Gas Pool.

(Above finding is from Order R-565.)

2. That the present provisions of Rule 6 (B) of Order R-565 limit the administrative approval of non-standard proration units to only those units which are variations in legal quarter sections of less than 160 acres due to irregularities in the land survey.

3. That the consideration of applications for approval of non-standard proration units, other than those involving variations in the public land survey, only upon notice and hearing, places an undue burden and inconvenience upon both applicants and this Commission.

4. That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to adopt the revised and amended Rule 6 (B) as presented at the hearing in this matter.

(The above three findings are from Order R-614.)

5. That Order R-565 at the present time makes no provision for adjusting the allowable of those wells located on tracts containing less than a standard spacing unit, and the allowables of these wells, as calculated under the present proration formula will be below the economic producing level.

6. That the adoption of the revisions and amendments to Order R-565 as presented in hearing will provide for a procedure in the assignment of allowable to these wells, and will prevent the premature abandonment of such wells which might result from the assignment of low allowables.

7. That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights to adopt the revised and amended Rule 6 (A) as presented at the hearing in this matter.

(The above three findings are from Order R-620.)

IT IS THEREFORE ORDERED:

That the special pool rules applicable to the South Blanco-Pictured Cliffs Gas Pool be and the same hereby are promulgated as follows:

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the South Blanco-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the South Blanco-Pictured Cliffs Gas Pool.

(Originally in Order R-565, and copied in Order R-565-C.)

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

(Originally appears in Order R-565, and copied in Order R-565-C.)

RULE 3: Any well drilled within the defined limits of the South Blanco-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible.

(Originally appeared in Order R-565, amended in Order R-565-A, corrected in Order R-565-B, and incorporated in its present form in Order R-565-C.)

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well, a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

(First appeared in Order R-565, and incorporated in its present form in Order R-565-C.)

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the South Blanco-Pictured Cliffs Gas Pool.

(First appeared in Order R-565, copied in Order R-565-C.)

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the South Blanco-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provision of Paragraph (B) of this rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres, subject to the provisions of Rule 9 of this order. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(Originally appeared in Order R-565, amended by Order R-620, and incorporated in Order R-565-C.)

(B) The Secretary of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The proposed non-standard proration unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

(Originally appeared in Order R-565, amended by Order R-614, and incorporated in Order R-565-C.)

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the South Blanco-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

(Originally appeared in Order R-565, copied in Order R-565-C.)

RULE 8: In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability date, or other evidence as to the well's producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the well's producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

(Originally appeared in Order R-565, copied in Order R-565-C, amended by Order R-967.)

RULE 9: The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner.

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

(Originally appeared in Order R-565, amended by Order R-620, copied as amended in Order R-565-C, completed amended by Order R-967.)

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C and D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

Balancing of Production:

RULE 10-A: The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

(Originally appeared in Order R-565, amended by Order R-565-C, further amended by Order R-967.)

RULE 11: Underproduction: Any non-marginal 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.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

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.

(First appeared in Order R-565, copied in Order R-565-C.
Paragraph 1 was amended and paragraph 6 added by Order R-967.)

RULE 12: Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

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Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

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RULE 14: Allowables to newly completed gas wells shall commence

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser,

(b) The latest filing date of Form C-104, C-110 or the above described plat, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122 in conformance with the provisions of R-333-C,

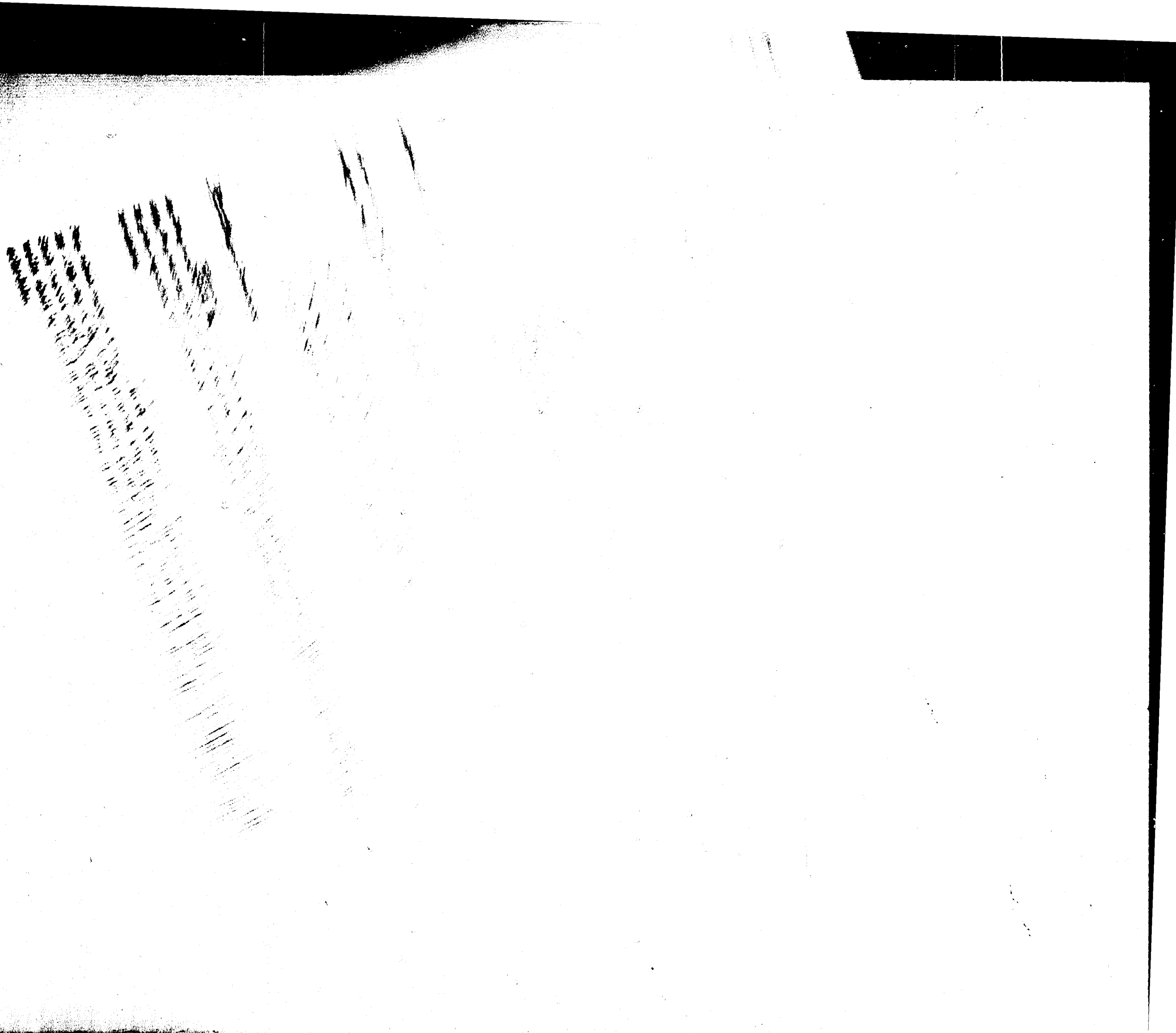
whichever date is the later.

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C and D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provision of Order R-333-C.

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator, or



(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D, or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

(First appeared in Order R-565. Paragraph 1 amended by Order R-565-C; paragraph 2 amended by Order R-967; paragraph 3 amended by Order R-565-C; paragraph 4 amended by Order R-565-D; paragraph 5 originally appeared in Order R-565 and copied in Order R-565-C.)

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, and such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the South Blanco-Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed in the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

(First appeared in Order R-565, copied in Order R-565-C.)

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

(First appeared in Order R-565, copied in Order R-565-C.)

RULE 17: No gas, either dry gas or casinghead gas, produced from the South Blanco Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

(First appeared in Order R-565, copied in Order R-565-C.)

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill or Recomplete", or USGS Form 9-331-a, (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104 (b). Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall furnish connection notices to the Commission in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

(The substance of the above three paragraphs originally appeared in Order R-565; slightly amended by Order R-565-C.)

TAPACITO PICTURED CLIFFS

TAPACITO PICTURED CLIFFS GAS POOL
RIO ARRIBA COUNTY, NEW MEXICO

INDEX SHEET

R-709	November 10, 1955. Nomenclature hearing for creation of pool. (Continued.)
R-709-A	March 29, 1956. Paragraph (e) Order R-709 (Dismissed).
✓R-794	April 18, 1956. Created pool and set up temporary 320-acre spacing, and provided for an interference test.
✓R-794-A	April 5, 1957. Provided for continuation of provisions of Order R-794 and continued case to August 15, 1957 hearing.
✓R-794-B	September 9, 1957. Continued in effect provisions of Order R-794. Provided for conducting of bottom hole pressure test. Provided for continuation of the interference test, and continued matter to February 13, 1958 hearing.
✓R-794-C	April 1, 1958. Cancelled all portions of Order R-794 except that creating the pool, and provided that pool should henceforth be drilled and spaced on basis of 160-acre pattern.
✓R-794-D	April 11, 1958. Order providing for rehearing on 320-acre spacing.
✓R-794-E.	June 4, 1958. Denied 320-acre spacing and provided for 160-acre spacing pattern, and specifically supersedes Order R-794, Order R-794-A, Order R-794-B, and Order R-794-C, with the exception of paragraph 1 (which created pool) of Order R-794.
R-939	January 16, 1957. Order granting permission to conduct interference tests.
R-939-A	February 14, 1957. Corrected typographical errors in Order R-939.
R-1115	January 22, 1958. Provided for extension of time for conducting annual deliverability tests on certain wells for the year 1957 only.
✓R-1193	June 10, 1958, to become effective August 1, 1958. Basic proration order.
✓R-1193-A	July 3, 1958. Denied application of Southern Union Gas Company for rehearing.

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. 977
Order No. R-794

THE APPLICATION OF SOUTHERN UNION
GAS COMPANY FOR AN ORDER CREATING
THE TAPACITO-PICTURED CLIFFS GAS
POOL IN RIO ARRIBA COUNTY, NEW
MEXICO AND FOR THE TEMPORARY
ESTABLISHMENT OF 320 ACRE DRILLING
UNITS WITHIN SAID POOL.

Tapacito

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 16, 1955 at Santa Fe, New Mexico, before the Oil Conservation Commission hereinafter referred to as the "Commission".

NOW, on this 18th day of April, 1956, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That the subject acreage of paragraph (e) of application for creation of new pool in Rio Arriba County as set forth in Case 964, was consolidated with Case 977 by paragraph (2) of Order No. R-709. Subject acreage is described as follows:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
NE/4 Section 9
W/2 Section 10
SW/4 Section 13
S/2 Section 14
All Section 15
SE/4 Section 16
NE/4 Section 22
W/2 and NE/4 Section 23

(2) That there is sufficient evidence to justify creation of a new gas pool, said pool to be designated as the Tapacito-Pictured Cliffs Gas Pool.

(3) That the delineation of said Tapacito-Pictured Cliffs Gas Pool should conform to the area presently outlined by development.

(4) That there is sufficient evidence to justify establishment of 320 acre drilling units within said gas pool.

IT IS THEREFORE ORDERED:

(1) That the Tapacito-Pictured Cliffs Gas Pool be and the same is hereby created. Said pool to consist of the following described acreage in Rio Arriba County, New Mexico:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
N/2 Section 4
N/2 Section 5

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM
S/2 Section 7
All Section 18
All Section 19
All Section 29
All Section 30
All Section 32

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
E/2 Section 9
S/2 Section 10
All Section 13
All Section 14
All Section 15
E/2 Section 16
E/2 Section 22
All Section 23
All Section 24

(2) That applicant's request for an order granting temporary establishment of 320 acre drilling units in the Tapacito-Pictured Cliffs Gas Pool, be and the same is hereby approved.

(3) Any well drilled a distance of two miles or more from the outer boundary of the Tapacito-Pictured Cliffs Gas Pool shall be classified as a wildcat. Any well drilled less than two miles from the outer boundary of said pool shall be spaced, drilled and operated in accordance with the temporary rules of the Tapacito-Pictured Cliffs Gas Pool.

(4) That all wells shall be drilled in the NE/4 or the SW/4 of the governmental sections of all units in said Tapacito-Pictured Cliffs Gas Pool.

(5) That all wells shall be located at least 990 feet from the outer boundary of the quarter section in which the well is drilled, provided however, that a tolerance of plus or minus 200 feet will be permissible. Provided further that the wells shall not be drilled closer than 130 feet to any quarter quarter section, or subdivision, inner boundary.

(6) That the following wells having been drilled prior to the effective date of this order shall be exceptions to the spacing rules provided in Paragraph 4 above:

1. Southern Union Gas Company, Jicarilla Well No. 1-E, located in the NW/4 SE/4 Section 16, Township 26 North, Range 4 West.

2. Southern Union Gas Company's Jicarilla No. 1-D located in NW/4 NW/4 Section 32, Township 26 North, Range 3 West.

3. Gunsite Butte Uranium Corporation's Florence Well No. 1 located in NE/4 NW/4 Section 4, Township 25 North, Range 3 West.

(7) That the applicant, Southern Union Gas Company, shall perform an interference test involving four wells. Said test shall be for a period of one year or until definite proof of communication among the wells has been established in a lesser period. The applicant's Jicarilla Well No. 2-E located in the NE/4 SW/4 Section 15, Township 26 North, Range 4 West shall be shut-in for the duration of the test. Shut-in pressure tests on this well shall be taken each month beginning April 1, 1956. The valves on said well shall be sealed in the interim between pressure tests. All tests shall be witnessed by a Commission representative or other personnel authorized by the Commission. The other three wells involved in this interference test were producing as of April 1, 1956 and shall continue to be produced unrestrictedly into the pipeline for the duration of the test. Said wells are the applicant's Jicarilla Well 3-E located in the NW/4 NE/4 Section 15, Township 26 North, Range 4 West, Jicarilla Well No. 1-E located in NW/4 SW/4 Section 16, Township 26 North, Range 4 West, and the Jicarilla Well No. 4-E located in the NE/4 NE/4 Section 22, Township 26 North, Range 4 West.

(8) That the Commission, at its discretion may order additional interference tests on any of applicants wells.

(9) That the completion data and the results of a one point back pressure test, as prescribed in the Commission's Memorandum No. 1-56, on all wells completed within the area effected by this order will be reported to the Commission before any of the wells are put on production. All wells completed between April 1, 1956 and rehearing date of this temporary order shall be so reported.

(10) That a rehearing will be held on the date of the regular January 1957 monthly hearing of the Commission, at which time applicant will make an appearance to show cause why rules herein adopted should be continued.

(11) The effective date of this order shall be April 1, 1956 and unless otherwise adduced shall remain in full force and effect until April 1, 1957.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. Walker, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 977
Order No. R-794-A

IN THE MATTER OF THE HEARING ORDERED TO BE HELD BY PARAGRAPH 10 OF ORDER R-794, CASE 977, TO PERMIT SOUTHERN UNION GAS COMPANY AND OTHER INTERESTED PARTIES TO SHOW CAUSE WHY 320-ACRE SPACING SHOULD BE CONTINUED IN THE TAPACITO-PICTURED CLIFFS GAS POOL.

Tapacito

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 16, 1957 and again on March 14, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 5th. day of April, 1957, the Commission, a quorum being present, having considered the application and the evidence adduced, and being fully advised in the premises,

FINDS:

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

2. That under the authority granted by Paragraph 8 of Order R-794, the Commission ordered an additional interference test to be conducted by the applicant, Southern Union Gas Company.

3. That the applicant began an additional interference test on December 17, 1956, on its Jicarilla No. 4-D Well located in the SE/4 NE/4 of Section 30, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

4. That the applicable provisions of Order R-794 should be extended until October 1, 1957, in order that the results of the additional test may be considered in the final determination of this matter.

5. That the case should be heard at the Commission monthly hearing on August 15, 1957 to show cause why the rules promulgated by Order R-794 should be continued in effect.

IT IS THEREFORE ORDERED:

1. That the provisions of Paragraphs 1 through 6 and paragraph 8 of Order R-794 be and the same are hereby continued in effect until October 1, 1957.

2. That the completion data and the results of a one-point back pressure test, as prescribed in the Commission's Memorandum No. 1-56, on all wells completed within the area affected by this order will be reported to the Commission before any of the wells are put on production. All wells completed between April 1, 1956 and October 1, 1957 shall be so reported.

3. That the case be heard at the Commission monthly hearing on August 15, 1957, to show cause why the rules contained in Order R-794 should be continued.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 977
Order No. R-794-B

IN THE MATTER OF THE HEARING ORDERED TO BE HELD BY PARAGRAPH 3 OF ORDER R-794-A TO PERMIT SOUTHERN UNION GAS COMPANY TO SHOW CAUSE WHY 320-ACRE SPACING SHOULD BE CONTINUED IN THE TAPACITO-PICTURED CLIFFS GAS POOL.

Tapacito

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 16, 1955, on March 14, 1957, and again on August 15, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of September, 1957, the Commission, a quorum being present, having considered the testimony and evidence adduced, 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 interference test on the Southern Union Gas Company's Jicarilla No. 4-D Well located in the SE/4 NE/4 of Section 30, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, has not yet been completed.

(3) That the applicable provisions of Order R-794 should be extended until April 1, 1958, in order that the results of the aforementioned interference test may be considered in the final determination of this matter.

(4) That the applicant, Southern Union Gas Company, should be required to conduct a bottom hole pressure test on the said Jicarilla No. 4-D Well and bottom hole flowing pressure tests on the offset interference wells at the conclusion of the interference test and that the applicant should further be required to take flowing casing and tubing pressure tests on the offset interference wells at the same time that the monthly shut-in casing and tubing pressure test is taken on the said Jicarilla No. 4-D Well.

(5) That the applicant should be required to permit any interested operator to conduct a gas analysis of the gas produced from the aforementioned offset interference wells.

(6) That Southern Union Gas Company has agreed to furnish all operators within two miles of the Tapacito-Pictured Cliffs Gas Pool with the results of the aforementioned tests upon receipt of a request for the same from the said operators.

(7) That this case should be called for hearing at the Commission monthly hearing in February of 1958 to permit Southern Union Gas Company and all other interested parties to show cause why the rules promulgated by Order R-794 should be continued in effect.

IT IS THEREFORE ORDERED:

1. That the provisions of paragraph 1 through 6 and paragraph 8 of Order R-794 be and the same are hereby continued in effect until April 1, 1958.

2. That the completion data and the results of a one-point pressure test, as prescribed in the Commission's Memorandum No. 1-56, on all wells completed within the area affected by this order will be reported to the Commission before any of the wells are put on production. All wells completed between April 1, 1956, and April 1, 1958, shall be so reported.

3. That Southern Union Gas Company shall conduct a bottom hole pressure test on its Jicarilla No. 4-D Well located in the SE/4 NE/4 of Section 30, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, and bottom hole flowing pressure tests on the offset interference wells at the conclusion of the interference test.

4. That Southern Union Gas Company shall take flowing casing and tubing pressure tests on the offset interference wells at the same time that the monthly shut-in casing and tubing pressure test is taken on the aforementioned Jicarilla No. 4-D Well.

5. That Southern Union Gas Company shall permit any interested operator to conduct a gas analysis of the gas produced from the aforementioned interference wells.

6. That Southern Union Gas Company shall furnish all operators within two miles of the Tapacito-Pictured Cliffs Gas Pool with the results of the tests which are herein ordered to be conducted upon receipt of a request for the same by said operators.

7. That this case be called for hearing at the Commission monthly hearing in February of 1958 to permit Southern Union Gas Company and all other interested parties to appear and show cause why the rules contained in Order R-794 should be continued beyond April 1, 1958.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.
Signed by: Edwin L. Mechem, Chairman; Murray E. Morgan, Member; and A. L. Porter, Jr., Member & Secretary.
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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 977
Order No. R-794-C

APPLICATION OF SOUTHERN UNION GAS
COMPANY FOR AN ORDER CREATING THE
TAPACITO-PICTURED CLIFFS POOL IN
RIO ARRIBA COUNTY, NEW MEXICO, AND
FOR THE TEMPORARY ESTABLISHMENT OF
320-ACRE DRILLING UNITS WITHIN SAID
POOL.

Tapacito

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 16, 1955, January 16, 1957, March 14, 1957, August 15, 1957, and again on February 13, 1958, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th. day of March, 1958, the Commission, a quorum being present, having considered the testimony and the evidence adduced at said hearings 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 Tapacito-Pictured Cliffs Pool in Rio Arriba County, New Mexico, was created by Order No. R-794 dated April 18, 1956, and that, upon application of Southern Union Gas Company, temporary 320-acre spacing was established in said pool.

(3) That paragraph (10) of Order No. R-794 ordered Southern Union Gas Company to appear and show cause why temporary 320-acre spacing should be continued in the Tapacito-Pictured Cliffs Gas Pool beyond April 1, 1957, and that the Commission by Order No. 794-A dated April 5, 1957, and R-794-B dated September 9, 1957, extended the duration of Order No. R-794 until April 1, 1958, in order to allow Southern Union Gas Company more time in which to compile additional information concerning the Tapacito-Pictured Cliffs Gas Pool.

(4) That Southern Union Gas Company has failed to prove that the Tapacito-Pictured Cliffs Gas Pool can be efficiently drained on a 320-acre spacing pattern.

(5) That the Tapacito-Pictured Cliffs Gas Pool can be efficiently and economically drained on a 160-acre spacing pattern.

(6) That the drilling and spacing of wells in the Tapacito-Pictured Cliffs Gas Pool should be governed by Rule 104 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

1. That paragraph (1) of Order No. R-794 which created the Tapacito-Pictured Cliffs Gas Pool shall remain in full force and effect and that paragraphs (2) through (11) inclusive be and the same are hereby superseded.

2. That all wells hereafter projected to or completed in the Tapacito-Pictured Cliffs Gas Pool shall be drilled, spaced, and operated in conformance with Rule 104 of the Commission Rules and Regulations.

3. That this order shall become effective on April 1, 1958.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 977
Order No. R-794-D

APPLICATION OF SOUTHERN UNION GAS COMPANY FOR AN ORDER CREATING THE TAPACITO-PICTURED CLIFFS POOL IN RIO ARRIBA COUNTY, NEW MEXICO, AND FOR THE TEMPORARY ESTABLISHMENT OF 320-ACRE DRILLING UNITS WITHIN SAID POOL.

Tapacito

ORDER OF THE COMMISSION FOR REHEARING

BY THE COMMISSION:

This cause came on for reconsideration upon the petition of Southern Union Gas Company and Humble Oil & Refining Company for a rehearing in Case No. 977, Order No. R-794-C, heretofore entered by the Commission on March 19, 1958.

NOW, on this 11th day of April, 1958, the Commission, a quorum being present, having considered the petitions for rehearing,

HEREBY ORDERS:

That the above-styled cause be reopened and that a rehearing be held at 9 o'clock a.m. on May 14, 1958, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

IT IS FURTHER ORDERED:

That the testimony on rehearing shall be limited to new evidence upon the issues raised in the petitions for rehearing.

IT IS FURTHER ORDERED:

That Order No. R-794-C shall remain in full force and effect pending the issuance of any further order by the Commission in the above-styled cause; provided however, that all operators in the Tapacito-Pictured Cliffs Pool are hereby notified that inasmuch as this cause has been set for rehearing, the issues involved have not yet been finally determined by the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman
MURRAY E. MORGAN, Member
A. L. PORTER, Jr., Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 977
Order No. R-794-E

APPLICATION OF SOUTHERN UNION GAS
COMPANY FOR AN ORDER CREATING
THE TAPACITO-PICTURED CLIFFS POOL IN
RIO ARRIBA COUNTY, NEW MEXICO, AND FOR
THE ESTABLISHMENT OF 320-ACRE DRILLING
UNITS WITHIN SAID POOL.

Tapacito

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 16, 1955, January 16, 1957, March 14, 1957, August 15, 1957, and again on February 13, 1958, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and this cause came on for rehearing before the Commission at Santa Fe, New Mexico, on May 14, 1958, upon the petition of Southern Union Gas Company and Humble Oil and Refining Company.

NOW, on this 4th day of June, 1958, the Commission, a quorum being present having considered the testimony and evidence adduced at all of said hearings, 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 petitioners, Southern Union Gas Company and Humble Oil and Refining Company seek the establishment of 320-acre spacing in the Tapacito-Pictured Cliffs Pool in Rio Arriba County, New Mexico.

(3) That the Tapacito-Pictured Cliffs Pool cannot be efficiently drained and developed on a 320-acre spacing pattern, and that the establishment of a 320-acre spacing pattern in said pool would appreciably reduce the ultimate recovery from the pool as a result of the drilling of too few wells thereby causing underground waste.

(4) That the Tapacito-Pictured Cliffs Pool can be efficiently and economically

drained and developed on a 160-acre spacing pattern, and that such a pattern should be established for said pool.

(5) That the drilling and spacing of wells in the Tapacito-Pictured Cliffs Pool should be governed by Rule 104 of the Commission Rules and Regulations.

(6) That paragraph (1) of Order No. R-794 which created the Tapacito-Pictured Cliffs Pool should remain in full force and effect but that paragraphs (2) through (11) inclusive of Order No. R-794 should be superseded hereby, and further that Order No. R-794-A Order No. R-794-B, and Order No. R-794-C should also be superseded hereby.

IT IS THEREFORE ORDERED:

(1) That a 160-acre spacing pattern be and the same is hereby established for the Tapacito-Pictured Cliffs Pool in Rio Arriba County, New Mexico.

(2) That the drilling and spacing of wells in the Tapacito-Pictured Cliffs Pool shall be governed by Rule 104 of the Rules and Regulations of the Oil Conservation Commission of New Mexico.

(3) That Order No. R-794, Order No. R-794-A, Order No. R-794-B, and Order No. R-794-C be and the same are hereby superseded with the exception that paragraph (1) of Order No. R-794 shall remain in full force and effect.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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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. 1439
Order No. R-1193

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER INSTITUTING GAS PRORATIONING AND
PROMULGATING RULES AND REGULATIONS FOR
THE TAPACITO-PICTURED CLIFFS POOL IN SAN
JUAN COUNTY, NEW MEXICO.

Tapacito

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 14, 1958, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 10th day of June, 1958, the Commission, a quorum being present, having considered the evidence adduced 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 R-794 and subsequent orders, the Commission created, defined, and extended the Tapacito-Pictured Cliffs Pool for the production of gas from the Pictured Cliffs formation.

(3) That the producing capacity of the gas wells in the Tapacito-Pictured Cliffs Pool is greater than the market demand for gas from said pool and that, for the purpose of preventing waste and protecting correlative rights, appropriate rules and procedures should be adopted to provide a method of allocating gas among proration units in the Tapacito-Pictured Cliffs Pool.

(4) That finding No. 3 and finding No. 4 of Order No. R-794-E regarding well spacing in the Tapacito-Pictured Cliffs Pool should be incorporated in this order by reference.

(5) That the proration unit for the Tapacito-Pictured Cliffs Pool should be a tract of 160 acres, more or less, substantially in the form of a square which comprises

a legal subdivision (quarter-section) of the United States Public Lands Surveys.

IT IS THEREFORE ORDERED:

(1) That finding No. 3 and finding No. 4 of Order No. R-794-E be and the same are hereby incorporated herein by reference.

(2) That special rules and regulations applicable to the Tapacito-Pictured Cliffs Pool be and the same are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE TAPACITO-PICTURED CLIFFS POOL

Acreage Requirements for Drilling Tracts and Proration Units:

RULE 1. Any well drilled to the Pictured Cliffs formation within one mile of the boundary of the Tapacito-Pictured Cliffs Pool and not nearer to nor within the boundaries of another designated Pictured Cliffs pool, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in the Tapacito-Pictured Cliffs Pool.

RULE 2(A) Wells shall be drilled on a tract consisting of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal sub-division (quarter section) of the United States Public Land Surveys.

The acreage allocated to a gas well for proration purposes shall be identical with the drilling tract prescribed above and shall be known as the gas proration unit for the well.

Non-standard drilling tracts and proration units may be formed after notice and hearing or under the provisions of paragraph (B) of this rule. A non-standard unit shall be assigned an "Acreage Factor" for proration purposes to be determined by dividing the acreage in the non-standard unit by 160-acres.

Any unit containing between 158 and 162 acres shall be considered to contain 160 acres for purposes of these rules.

(B) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 2 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard unit lies wholly within a single governmental section.

4. The entire non-standard unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning acreage in the quarter section in which any part of the non-standard unit is situated and which acreage is not included in said non-standard unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of sub-paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard unit.

Well Location Requirements:

RULE 3 (A) Wells shall be located at least 790 feet from the outer boundaries of the drilling tract and no closer than 25 feet from any quarter-quarter section line or subdivision inner boundary.

(B) The Secretary-Director of the Commission shall have authority to grant exception to Rule 3 (A) without notice and hearing where the application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The necessity for the unorthodox location is based on topographical conditions, and

2. (a) The ownership of all oil and gas leases within a radius of 790 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, or

(b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

(c) In lieu of paragraph 2 (b) of this rule the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to drill an unorthodox location. The Secretary-Director of the Commission may approve the application if, after a period of twenty days following the mailing of said notice, no operator has made objection to the drilling of the unorthodox location.

RULE 4. When filing Form C-101, "Notice of Intention to Drill", or USGS Form 9-331-a (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104. Accompanying the above form shall be a plat (Form C-128) of the acreage contained in the unit showing the ownership of the dedicated acreage.

Deliverability Test Requirements

RULE 5. The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C and D, as amended by Order R-333-E.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells where the deliverability of a well is of such volume as to have no significance in the determination of the well's allowable. Application for such exception may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D as amended by Order R-333-E.

Nominations of Purchasers

RULE 6. The Commission shall hold a hearing, at least 30 days prior to the beginning of each gas proration period, to consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool during the ensuing gas proration period.

Each gas purchaser in the Tapacito-Pictured Cliffs Pool shall, at least 5 days prior to said hearing, submit a "Preliminary Nomination" for the quantity of gas which it in good faith actually desires to purchase during the ensuing proration period, by months, from the Tapacito-Pictured Cliffs Pool.

RULE 7. In the event a gas purchaser's market shall have increased or decreased, he shall file with the Commission prior to the 10th day of the month preceding the month for which the change in nominations is desired, a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing month from the Tapacito-Pictured Cliffs Pool. The Commission shall hold a public hearing between the 13th and 20th day of each month to determine the reasonable market demand for gas for the ensuing month.

Proration Schedule

RULE 8. The proration schedule shall set out the amount of gas which each well may produce during the month together with such other information as is necessary to show the allowable-production status of each well on the schedule.

The Commission shall include in the proration schedule all gas wells subject to these rules which are delivering gas to a gas transportation facility, or lease gathering system, and any well which the Commission finds is being discriminated against through denial of access to a gas transportation facility.

Allocation of Gas

RULE 9. The total allowable to be allocated to the pool each month shall be equal to the sum of the purchasers' nominations together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10; provided, however, that the allowable assigned to any well shall not exceed its known producing ability. Wells with allowables so limited shall be classified as marginal wells as provided in Rule 21, 24, and 25 of this order.

RULE 10. The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production of said well during any month of the preceding six months.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

The annual 1957 deliverability tests, or initial deliverability tests where applicable, shall be used in calculating allowables for the proration period commencing August 1, 1958. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Granting of Allowables:

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat (C-128) showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence:

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (1000 Rio Brazos Road, Aztec, New Mexico) by the purchaser, or

(b) the latest filing date of Form C-104, C-110 and C-128, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C & D as amended by R-333-E,

whichever date is the later.

RULE 13. No well shall be assigned an allowable unless a deliverability test taken in conformance with the provisions of Order R-333-C & D as amended by R-333-E has been submitted, except as provided in Rule 5 above.

RULE 14. A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operators, or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C & D as amended by R-333-E, or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (1000 Rio Brazos Road, Aztec, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work; if the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations;

whichever date is later.

RULE 15: If the acreage assigned to a well is changed, the operator shall immediately notify the District Supervisor and Secretary-Director in writing of such change. The revised allowable shall become effective on the first day of the month following receipt of the notification provided a revised Form C-128 has been filed with the Commission prior to that date.

RULE 16. The Commission may assign minimum allowables to individual wells in order to prevent premature abandonment.

Proration Periods

RULE 17. 7:00 o'clock a.m. Mountain Standard Time, February 1, and 7:00 o'clock a.m. Mountain Standard Time August 1, shall be the balancing dates and the periods of time between these dates shall be the gas proration periods for the Tapacito-Pictured Cliffs Pool. The first proration period shall commence August 1, 1958.

Balancing of Production

RULE 18. Underproduction: Any non-marginal 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.

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.

RULE 19. Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such period shall be shut-in until all such overproduction is made up. If at any time a well is overproduced in an amount equaling six times its average monthly allowable for the last six months, it shall be shut-in during that month and each succeeding month until it is over-produced less than 6 times its average monthly allowable for the last six months.

Allowable assigned to a well during any one month of a gas proration period in excess of the production during the month shall be applied against the overproduction carried into such period in determining the amount of overproduction if any, which has not been made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable assigned to a well at the end of a proration period, as a result of the cancellation of underproduced allowable and the reassignment thereof, shall be applied against the well's overproduction carried into said proration period.

RULE 20. The full production of gas from each well, including drilling gas, shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used on the lease and in maintaining the producing ability of the well shall not be charged against the allowable.

Classification of Wells

RULE 21. A well shall be classified as marginal if it has failed for six consecutive months to produce its average monthly allowable for the six months immediately preceding such reclassification provided such failure was not occasioned by curtailment to compensate for overproduction, unless prior to such reclassification the operator or other interested party presents satisfactory evidence showing that the well should not be classified as marginal. However, a well shall not be classified as marginal if, during any one month of the six month period, said well has demonstrated its ability to produce its six months average allowable.

RULE 22. If at any time a marginal well demonstrates its ability to sustain production at a rate equal to the non-marginal allowable for a well of like deliverability and acreage, the marginal well shall be reclassified as non-marginal and its allowable and net status adjusted accordingly.

RULE 23. A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the well's producing ability indicates that the well is improperly classified.

RULE 24. The Secretary-Director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability data, or other evidence as to the well's producing ability justify such reclassification.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 25. A marginal well shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled at the time of such reclassification.

Reporting of Production

RULE 26. The gas production from each well in the Tapacito-Pictured Cliffs Pool shall be metered separately and shall be reported to the Commission on Form C-115. Such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Tapacito-Pictured Cliffs Pool shall submit a report to the Commission, and such report shall be postmarked on

or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are listed in the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to the Commission at 1000 Rio Brazos Road, Aztec, New Mexico, and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The total production from any gas well in the Tapacito-Pictured Cliffs Pool shall be reported on Form C-115 regardless of the disposition of the gas.

General Provisions

RULE 27. The term "gas purchaser" as used in these rules shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 6 and 7 of this order.

RULE 28. No gas, either dry gas or casinghead gas, produced from the Tapacito-Pictured Cliffs Pool, except that gas used for drilling purposes or for maintaining the productivity of a well, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 29. The failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

RULE 30. All transporters or users of gas in the Tapacito-Pictured Cliffs Pool shall file with the Commission a list of all wells located in said pool, or within one mile of the boundaries thereof, which have been connected to a gas transportation facility as of July 1, 1958. The list required above shall contain the name of the operator, lease name, well number, unit, and location of the well (Section, Township, and Range).

Transporters or users of gas shall also file gas well connection notices in accordance with Rule 12 as soon as possible after the date of connection. The vertical and horizontal limits of the Tapacito-Pictured Cliffs Pool are as set forth in Exhibit "A" attached hereto and made a part hereof.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated. STATE OF NEW MEXICO, OIL CONSERVATION COMMISSION, (Signed by: Edwin L. Mechem, Chairman; Murray E. Morgan, Member; A. L. Porter, Jr., Member & Secretary.)ga

EXHIBIT "A"

Vertical and Horizontal Limits of the Tapacito-Pictured Cliffs Pool

VERTICAL LIMITS

PICTURED CLIFFS FORMATION

HORIZONTAL LIMITS

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM	
Section 1:	SW/4
Section 2:	S/2
Section 3:	All
Section 4:	All
Section 5:	N/2
Section 9:	N/2
Section 10:	All
Section 11:	All
Section 15:	N/2

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM	
Section 7:	S/2
Section 8:	All
Section 17:	All
Section 18:	All
Section 19:	All
Section 20:	All
Section 28:	All
Section 29:	All
Section 30:	All
Section 32:	All
Section 33:	All
Section 34:	W/2

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM	
Section 3:	S/2
Section 4:	S/2
Section 5:	All
Section 6:	All
Section 7:	N/2
Section 8:	All
Section 9:	All

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM (continued)

Section 10:	All
Section 11:	S/2
Section 13:	All
Section 14:	All
Section 15:	All
Section 16:	All
Section 17:	E/2
Section 22:	E/2
Section 23:	All
Section 24:	All

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM

Section 1:	E/2

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM

Section 30:	W/2
Section 31:	All
Section 32:	All
Section 33:	W/2

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

Section 25:	S/2
Section 26:	S/2
Section 35:	E/2
Section 36:	All

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. 1439
Order No. R-1193-A

APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR
AN ORDER INSTITUTING GAS PRORATIONING
AND PROMULGATING RULES AND REGULATIONS
FOR THE TAPACITO-PICTURED CLIFFS GAS
POOL, IN RIO ARRIBA COUNTY, NEW MEXICO.

Tapacito

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for reconsideration upon the petition of Southern Union Gas Company for a rehearing in Case No. 1439, Order No. R-1193, heretofore entered by the Commission on June 10, 1958.

NOW, on this 3rd day of July, 1958, the Commission, a quorum being present, having considered the petition for rehearing,

FINDS:

(1) That the only issue raised in the petition for rehearing deals with the proper size of gas proration units in the Tapacito-Pictured Cliffs Gas Pool.

(2) All evidence relevant and material to the issue of spacing in the Tapacito-Pictured Cliffs Gas Pool was fully considered by the Commission in Case No. 977, and Order No. R-794-C, dated March 19, 1958, was entered establishing 160-acre proration units in said pool. Upon petition for rehearing by the applicant, Southern Union Gas Company, the case was reopened and additional evidence was received and considered by the Commission, whereupon Order No. R-794-E, dated June 4, 1958, was entered establishing 160-acre proration units in the Tapacito-Pictured Cliffs Gas Pool.

(3) That the only evidence in the record of Case No. 1439 pertaining to spacing in the Tapacito-Pictured Cliffs Gas Pool is that evidence which was presented in Case No. 977 and incorporated by reference in Case No. 1439.

(4) That the petition for rehearing does not allege that the applicant has any new or additional evidence to present in this case.

(5) That in view of the fact that the Commission has twice considered the issue raised in the petition for rehearing, further consideration of this issue would be repetitious and would serve no useful purpose.

(6) That the petition for rehearing should be denied.

IT IS THEREFORE ORDERED:

That the petition of Southern Union Gas Company for rehearing in Case No. 1439, Order No. R-1193, be and the same is hereby denied.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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EXISTING GAS POOL RULES FOR
TAPACITO-PICTURED CLIFFS GAS POOL

Order No. R-1193

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 R-794 and subsequent orders, the Commission created, defined, and extended the Tapacito-Pictured Cliffs Pool for the production of gas from the Pictured Cliffs formation.

(3) That the producing capacity of the gas wells in the Tapacito-Pictured Cliffs Pool is greater than the market demand for gas from said pool and that, for the purpose of preventing waste and protecting correlative rights, appropriate rules and procedures should be adopted to provide a method of allocating gas among proration units in the Tapacito-Pictured Cliffs Pool.

(4) That finding No. 3 and finding No. 4 of Order No. R-794-E regarding well spacing in the Tapacito-Pictured Cliffs Pool should be incorporated in this order by reference.

(Findings No. 3 and No. 4 of Order No. R-794-E are as follows:

(3) That the Tapacito-Pictured Cliffs Pool cannot be efficiently drained and developed on a 320-acre spacing pattern, and that the establishment of a 320-acre spacing pattern in said pool would appreciably reduce the ultimate recovery from the pool as a result of the drilling of too few wells thereby causing underground waste.

(4) That the Tapacito-Pictured Cliffs Pool can be efficiently and economically drained and developed on a 160-acre spacing pattern, and that such a pattern should be established for said pool.)

(5) That the proration unit for the Tapacito-Pictured Cliffs Pool should be a tract of 160 acres, more or less, substantially in the form of a square which comprises a legal subdivision (quarter-section) of the United States Public Lands Surveys.

IT IS THEREFORE ORDERED:

(1) That finding No. 3 and finding No. 4 of Order No. R-794-E be and the same are hereby incorporated herein by reference. (See finding 4 above.)

(2) That special rules and regulations applicable to the Tapacito-Pictured Cliffs Pool be and the same are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE TAPACITO-PICTURED CLIFFS POOL

Acreage Requirements for Drilling Tracts and Proration Units:

RULE 1. Any well drilled to the Pictured Cliffs formation within one mile of the boundary of the Tapacito-Pictured Cliffs Pool and not nearer to nor within the boundaries of another designated Pictured Cliffs pool, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in the Tapacito-Pictured Cliffs Pool.

RULE 2(A) Wells shall be drilled on a tract consisting of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the United States Public Land Surveys.

The acreage allocated to a gas well for proration purposes shall be identical with the drilling tract prescribed above and shall be known as the gas proration unit for the well.

Non-standard drilling tracts and proration units may be formed after notice and hearing or under the provisions of paragraph (B) of this rule. A non-standard unit shall be assigned an "Acreage Factor" for proration purposes to be determined by dividing the acreage in the non-standard unit by 160 acres.

Any unit containing between 158 and 162 acres shall be considered to contain 160 acres for purposes of these rules.

(B) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 2 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard unit consists of less than 160 acres or where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

2. The non-standard unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard unit lies wholly within a single governmental section.

4. The entire non-standard unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) All operators owning acreage in the quarter section in which any part of the non-standard unit is situated and which acreage is not included in said non-standard unit.

(b) All operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of sub-paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard unit.

Well Location Requirements:

RULE 3 (A) Wells shall be located at least 790 feet from the outer boundaries of the drilling tract and no closer than 25 feet from any quarter-quarter section line or subdivision inner boundary.

(B) The Secretary-Director of the Commission shall have authority to grant exception to Rule 3 (A) without notice and hearing where the application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The necessity for the unorthodox location is based on topographical conditions, and

2. (a) The ownership of all oil and gas leases within a radius of 790 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, or

(b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

(c) In lieu of paragraph 2 (b) of this rule the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to drill an unorthodox location. The Secretary-Director of the Commission may approve the application if, after a period of twenty days following the mailing of said notice, no operator has made objection to the drilling of the unorthodox location.

RULE 4. When filing Form C-101, "Notice of Intention to Drill", or USGS Form 9-331-a (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104. Accompanying the above form shall be a plat (Form C-128) of the acreage contained in the unit showing the ownership of the dedicated acreage.

Deliverability Test Requirements:

RULE 5. The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C and D, as amended by Order R-333-E.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells where the deliverability of a well is of such volume as to have no significance in the determination of the well's allowable. Application for such exception may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D as amended by Order R-333-E.

Nominations of Purchasers:

RULE 6. The Commission shall hold a hearing, at least 30 days prior to the beginning of each gas proration period, to consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool during the ensuing gas proration period.

Each gas purchaser in the Tapacito-Pictured Cliffs Pool shall, at least 5 days prior to said hearing, submit a "Preliminary Nomination" for the quantity of gas which it in good faith actually desires to purchase during the ensuing proration period, by months, from the Tapacito-Pictured Cliffs Pool.

RULE 7. In the event a gas purchaser's market shall have increased or decreased, he shall file with the Commission prior to the 10th day of the month preceding the month for which the change in nominations is desired, a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing month from the Tapacito-Pictured Cliffs Pool. The Commission shall hold a public hearing between the 13th and 20th day of each month to determine the reasonable market demand for gas for the ensuing month.

Proration Schedule:

RULE 8. The proration schedule shall set out the amount of gas which each well may produce during the month together with such other information as is necessary to show the allowable-production status of each well on the schedule.

The Commission shall include in the proration schedule all gas wells subject to these rules which are delivering gas to a gas transportation facility, or lease gathering system, and any well which the Commission finds is being discriminated against through denial of access to a gas transportation facility.

Allocation of Gas:

RULE 9. The total allowable to be allocated to the pool each month shall be equal to the sum of the purchasers' nominations together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10; provided, however, that the allowable assigned to any well shall not exceed its known producing ability. Wells with allowables so limited shall be classified as marginal wells as provided in Rule 21, 24, and 25 of this order.

RULE 10. The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production of said well during any month of the preceding six months.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

The annual 1957 deliverability tests, or initial deliverability tests where applicable, shall be used in calculating allowables for proration period commencing August 1, 1958. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Granting of Allowables:

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat (C-128) showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence:

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (1000 Rio Brazos Road, Aztec, New Mexico) by the purchaser, or

(b) the latest filing date of Form C-104, C-110 and C-128, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C & D as amended by R-333-E,

whichever date is the later.

RULE 13. No well shall be assigned an allowable unless a deliverability test taken in conformance with the provisions of Order R-333-C & D as amended by R-333-E has been submitted, except as provided in Rule 5 above.

RULE 14. A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operators, or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D as amended by R-333-E, or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (1000 Rio Brazos Road, Aztec, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work; if the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations;

whichever date is later.

RULE 15. If the acreage assigned to a well is changed, the operator shall immediately notify the District Supervisor and Secretary-Director in writing of such change. The revised allowable shall become effective on the first day of the month following receipt of the notification provided a revised Form C-128 has been filed with the Commission prior to that date.

RULE 16. The Commission may assign minimum allowables to individual wells in order to prevent premature abandonment.

Proration Periods:

RULE 17. 7:00 o'clock a.m. Mountain Standard Time, February 1, and 7:00 o'clock a.m. Mountain Standard Time August 1, shall be the balancing dates and the periods of time between these dates shall be the gas proration periods for the Tapacito-Pictured Cliffs Pool. The first proration period shall commence August 1, 1958.

Balancing of Production:

RULE 18. Underproduction: Any non-marginal 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.

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.

RULE 19. Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such period shall be shut-in until all such overproduction is made up. If at any time a well is overproduced in an amount equaling six times its average monthly allowable for the last six months, it shall be shut-in during that month and each succeeding month until it is over-produced less than 6 times its average monthly allowable for the last six months.

Allowable assigned to a well during any one month of a gas proration period in excess of the production during the month shall be applied against the overproduction carried into such period in determining the amount of overproduction if any, which has not been made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable assigned to a well at the end of a proration period, as a result of the cancellation of underproduced allowable and the reassignment thereof, shall be applied against the well's overproduction carried into said proration period.

RULE 20. The full production of gas from each well, including drilling gas, shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used on the lease and in maintaining the producing ability of the well shall not be charged against the allowable.

Classification of Wells:

RULE 21. A well shall be classified as marginal if it has failed for six consecutive months to produce its average monthly allowable for the six months immediately preceding such reclassification provided such failure was not occasioned by curtailment to compensate for over-production, unless prior to such reclassification the operator or other interested party presents satisfactory evidence showing that the well should not be classified as marginal. However, a well shall not be classified as marginal if, during any one month of the six month period, said well has demonstrated its ability to produce its six months average allowable.

RULE 22. If at any time a marginal well demonstrates its ability to sustain production at a rate equal to the non-marginal allowable for a well of like deliverability and acreage, the marginal well shall be reclassified as non-marginal and its allowable and net status adjusted accordingly.

RULE 23. A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the well's producing ability indicates that the well is improperly classified.

RULE 24. The Secretary-Director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability data, or other evidence as to the well's producing ability justify such reclassification.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 25. A marginal well shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled at the time of such reclassification.

Reporting of Production:

RULE 26. The gas production from each well in the Tapacito-Pictured Cliffs Pool shall be metered separately and shall be reported to the Commission on Form C-115. Such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the Tapacito-Pictured Cliffs Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are listed in the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to the Commission at 1000 Rio Brazos Road, Aztec, New Mexico, and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The total production from any gas well in the Tapacito-Pictured Cliffs Pool shall be reported on Form C-115 regardless of the disposition of the gas.

General Provisions:

RULE 27. The term "gas purchaser" as used in these rules shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 6 and 7 of this order.

RULE 28. No gas, either dry gas or casinghead gas, produced from the Tapacito-Pictured Cliffs Pool, except that gas used for drilling purposes or for maintaining the productivity of a well, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 29. The failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

RULE 30. All transporters or users of gas in the Tapacito-Pictured Cliffs Pool shall file with the Commission a list of all wells located in said pool, or within one mile of the boundaries thereof, which have been connected to a gas transportation facility as of July 1, 1958. The list required above shall contain the name of the operator, lease name, well number, unit, and location of the well (Section, Township, and Range).

Transporters or users of gas shall also file gas well connection notices in accordance with Rule 12 as soon as possible after the date of connection. The vertical and horizontal limits of the Tapacito-Pictured Cliffs Pool are as set forth in Exhibit "A" attached hereto and made a part hereof.

WEST KUTZ PICTURED CLIFFS

WEST KUTZ-PICTURED CLIFFS GAS POOL
SAN JUAN COUNTY, NEW MEXICO

INDEX SHEET

R-31	September 29, 1950. Nomenclature case--created pool.
✓R-46	December 29, 1950. Provided for 160-acre spacing and locations.
✓R-172	July 24, 1952. Temporary 320-acre spacing in Gallegos Canyon Unit.
✓R-172-A	June 23, 1953. Continued R-172 in effect and called further hearing.
✓R-172-B	December 17, 1953. Terminates Order R-172.
✱R-397	December 17, 1953. Amended statewide Rule 104(b) pertaining to spacing in San Juan, Rio Arriba, and Sandoval Counties, and amended Order R-46.
✓R-566	December 23, 1954. Basic proration order.
✓R-566-A	January 7, 1955. Nunc Pro Tunc. Corrects Rule 3 of R-566.
✓R-566-B	January 31, 1955. Order granting rehearing.
✓R-566-C	August 17, 1955. Reaffirmed R-566 as corrected by Order R-566-A.
✓R-566-D	October 13, 1955. Amended Order R-566-A due to revision of Order R-333-B.
✓R-566-E	March 29, 1956. Amended paragraph 4, Rule 14, of Order R-566-D.
R-939	January 16, 1957. Permission to conduct interference and maximum pressure build-up tests.
R-939-A	February 14, 1957. Nunc Pro Tunc, corrects errors in Order R-939.
✱R-967	April 23, 1957. Amends various rules of Order R-566-D.
R-1044	September 9, 1957. Suspended balancing provisions of Order R-565-C from August 1, 1957 to January 31, 1958.
R-1115	January 22, 1958. Granted extension of time for conducting annual deliverability tests on certain wells for the year 1957.

✱ Attached to Fulcher Kutz

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. 237
ORDER NO. R-46

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR ESTABLISHING
A WELL SPACING PATTERN FOR
EACH OF THE DESIGNATED GAS
POOLS IN THE COUNTIES OF SAN
JUAN AND RIO ARRIBA, STATE OF
NEW MEXICO PRODUCING OR CAPABLE
OF PRODUCING GAS FROM PICTURED
CLIFFS FORMATION, EXCEPT KUTZ
CANYON-FULCHER BASIN, MESAVERDE
FORMATION (EXCEPT BLANCO POOL)
AND ANY OF THE PENNSYLVANIAN
FORMATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on regularly for hearing at 10:00 o'clock A.M., November 21, 1950, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 29 th day of December 1950, the Commission having considered the whole matter including the testimony adduced at said hearing,

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 for purposes of orderly development, protection of correlative rights and the prevention of waste, the following pools in San Juan and Rio Arriba Counties, New Mexico heretofore by the Commission named, defined and classified as gas pools, as the respective boundaries thereof may be changed by extension or otherwise, should be provided with proper spacing pattern and production units;

Aztec (Pictured Cliffs) pool, 160-acre spacing;
Barker Creek, Paradox (Pennsylvanian) pool, 640-acre spacing;
Blanco (Pictured Cliffs) pool, 160-acre spacing;
Gavilan (Pictured Cliffs) pool, 160-acre spacing;
La Plata (Mesaverde) pool, 320-acre spacing;
NW La Plata (Mesaverde) pool, 320-acre spacing;
South La Plata (Mesaverde) pool, 320-acre spacing;
South Kutz Canyon (Pictured Cliffs) pool, 160-acre spacing;
West Kutz Canyon (Pictured Cliffs) pool, 160-acre spacing;
Ute Dome (Paradox) pool, 640-acre spacing.

3. That for La Plata, NW La Plata and South La Plata pools, wells should be orthodox locations on NW/4 and SE/4 of each section in said pools.

4. Under 160-acre spacing for Aztec, Blanco (Pictured Cliffs), Gavilan, South Kutz Canyon and West Kutz Canyon pools, orthodox locations should be required as stated in Rule 104 (or 330' from inner and 660' from outer boundaries of the respective quarter section);

5. For those pools appearing to require 640-acre spacing in Pennsylvanian formation, orthodox locations should be required to be not closer than 330' to center and 1650' from boundary of each section in the Barker Creek (Paradox-Pennsylvanian) and Ute Dome (Paradox-Pennsylvanian) pools.

6. That existing Commission Orders 748 and 815, relating to the Kutz Canyon-Fulcher Basin pool, and Order No. 799 relating to the Blanco pool should be and remain in full effect and undisturbed hereby.

IT IS THEREFORE ORDERED:

1. That for purposes of orderly development, protection of correlative rights, and the prevention of waste, a spacing and production unit patter is hereby provided for each of the following heretofore named, defined and classified pools, as the respective boundaries thereof may from time to time be changed:

POOL	FORMATION	SPACING
Aztec	Pictured Cliffs	160-acre
Barker Creek	Paradox-Pennsylvanian	640-acre
Blanco	Pictured Cliffs	160-acre
Gavilan	Pictured Cliffs	160-acre
La Plata	Mesaverde	320-acre
NW La Plata	Mesaverde	320-acre
South La Plata	Mesaverde	320-acre
South Kutz Canyon	Pictured Cliffs	160-acre
West Kutz Canyon	Pictured Cliffs	160-acre
Ute Dome	Paradox	640-acre

2. That orthodox locations shall be in the approximate center of the NW/4 and SE/4 of each section within the confines of La Plata, Northwest La Plata, and South La Plata pools, under 320 acre spacing for Mesaverde production.

3. That orthodox locations shall be as in Rule 104 (or 330' from inner and 660' from outer boundaries of the respective quarter section) within the boundaries of the Aztec, Blanco, Gavilan, South Kutz Canyon and West Kutz Canyon pools for 160-acre spacing for Pictured Cliffs production.

4. That orthodox locations shall be not closer than 330' to center of the respective sections and 1650' from boundaries within the boundaries of Barker Creek and Ute Dome pools for 640-acre spacing for Paradox-Pennsylvanian production.

5. That Orders Nos. 748, 815, relative to Kutz Canyon-Fulcher Basin Pool, and 799, relating to Blanco Mesaverde, shall remain in full force and effect.

6. That wells now drilled or drilling are excepted.

IT IS FURTHER ORDERED:

1. That for the purpose of preventing inequities and impairment of correlative rights the Commission upon its own motion or upon its own motion or upon application of any interested person, after notice and hearing grant exceptions in proper cases.

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

State of New Mexico
Oil Conservation Commission

Thomas J. Mabry, Chairman

Guy Shepard, Member

R. R. Spurrier, Secretary

S E A L

BEFORE HE OIL CONSERVATION COM SSION
OF THE STATE OF NEW MEXICO

EL PASO NATURAL GAS COMPANY
EL PASO
OFFICE

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 377
ORDER NO. R-172

THE APPLICATION OF BENSON & MONTIN
FOR AN ORDER ESTABLISHING UNIFORM
SPACING OF WELLS FOR THE PICTURED
CLIFFS FORMATION OF THE GALLEGOS
CANYON UNIT AREA AND CERTAIN LANDS
ADJACENT THERETO, SAN JUAN COUNTY,
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on regularly for hearing at 9 o'clock a.m. June 19, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 24th day of July, 1952, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearings, 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 following described lands in San Juan County, New Mexico, in all probability, embrace a common source of supply of gas in the Pictured Cliffs formation, and include the approximate northwesterly one-half of the West Kutz-Pictured Cliffs Pool as presently defined by Commission Order R-42 in Case No. 244, Commission Order R-156 in Case No. 363, and Commission Order R-156-A in Case No. 363, to-wit:

Township 28 North, Range 11 West, NMPM
All of Partial Section 7,
All of Sections 18 and 19.

Township 28 North, Range 12 West, NMPM
Partial Sections 7 through 12, and
sections 13 through 34, incl.

Township 28 North, Range 13 West, NMPM

Partial Sections 10, 11, and 12, Sections 13, 14 and 15, Sections 23 through 26, incl., and Sections 35 and 36.

Township 29 North, Range 12 West, NMPM

SW/4 Section 16, Sections 17 through 21, W/2 and SE/4 of Section 22, W/2 and SE/4 of Section 25, and Sections 26 through 36, incl.

Township 29 North, Range 13 West, NMPM

Sections 9 through 16, Sections 21 through 28, and Sections 33 through 36, incl.

3. That apparently one gas well to the Pictured Cliffs formation of the above lands will efficiently, effectively and economically drain an area of 320 acres, and that testimony indicated that drilling wells in a pattern of greater density is unnecessary, and not to the best interests of conservation, and could result in wasteful use of critical materials.

4. That in an effort to determine whether such measures will insure orderly development, protect correlative rights and prevent possible waste, the above lands should be developed on a 320-acre spacing pattern for a period of one year from date of this order, and at the end of one year applicant shall present testimony to show why 320-acre spacing should be retained.

5. That to insure the proper and uniform spacing of all wells drilled to the common source of supply under the above lands and to protect the correlative rights of all the parties interested therein, all wells drilled therein should be located in the southwest and northeast quarters of each governmental section conforming with Rule 104 of the Commission's Rules and Regulations, with only such exceptions as are necessary for existing non-conforming wells, future wells on good cause shown, and such off-set wells as may be necessary and that approval for such non-conforming locations may be given by the Secretary of the Commission upon proper application therefor.

6. That the existing Commission Order No. R-46 in Case No. 237, relating to the former West Kutz-Pictured Cliffs Pool, and the former South Kutz-Pictured Cliffs Pool, now consolidated into the West Kutz-Pictured Cliffs Pool, should be and remain in full effect and undisturbed hereby.

Case No. 377
Order No. R-172

EL PASO NATURAL GAS COMPANY EL PASO OFFICE

IT IS THEREFORE ORDERED:

1. That the following described lands in San Juan County, New Mexico, embrace a common source of supply of gas in the Pictured Cliffs formation, and include the approximate northwesterly one-half of the West Kutz-Pictured Cliffs Pool as presently defined by Commission Order R-42 in Case No. 244, Commission Order R-156 in Case No. 363, and Commission Order R-156-A in Case No. 363, to-wit:

Township 28 North, Range 11 West, NMPM
All of Partial Section 7,
All of Sections 18 and 19.

Township 28 North, Range 12 West, NMPM
Partial Sections 7 through 12, and
Sections 13 through 34, incl.

Township 28 North, Range 13 West, NMPM
Partial Sections 10, 11 and 12,
Sections 13, 14 and 15, Sections 23
through 26, incl., and Sections 35
and 36.

Township 29 North, Range 12 West, NMPM
SW/4 Section 16, Sections 17 through
21, W/2 and SE/4 of Section 22, W/2
and SE/4 of Section 25, and Sections
26 through 36, incl.

Township 29 North, Range 13 West, NMPM
Sections 9 through 16, Sections 21
through 28, and Sections 33 through
36, incl.

2. That the above lands be developed on a 320-acre spacing pattern for a period of one year from the date of this order; That at the regular Commission hearing for the month of June, 1953, the operators shall show cause why the above described area should not be developed on a 160-acre pattern.

3. That all wells drilled therein to the Pictured Cliffs formation be located in the southwest and northeast quarters of each governmental section, conforming to Rule 104, of the Commission's Rules and Regulations with only such exceptions as are necessary for existing non-conforming wells, future wells on good cause shown, and such off-set wells as may be necessary, and that approval for such non-conforming locations may be given by the Secretary of the

Commission upon proper application therefor.

4. That the existing Commission Order No. R-46 in Case No. 237 relating to the former West Kutz-Pictured Cliffs Pool, and the former South Kutz-Pictured Cliffs Pool, now consolidated into the West Kutz-Pictured Cliffs Pool, be and remain in full effect and undisturbed hereby.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

R. R. SPURRIER, Secretary

S E A L

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. 377
Order No. R-172-A

THE COMMISSION'S ORDER DIRECTED TO BENSON-MONTIN TO SHOW CAUSE WHY 160-ACRE SPACING SHOULD NOT BE INSTITUTED FOR PICTURED CLIFFS PRODUCTION IN THE GALLEGOS CANYON UNIT AREA, SAN JUAN COUNTY, NEW MEXICO, TO SUPERSEDE TEMPORARY 320-ACRE SPACING AUTHORIZED BY ORDER NO. R-172.

West Kutz

INTERLOCUTORY ORDER

WHEREAS on the 24th day of July, 1952, the Oil Conservation Commission of New Mexico issued Order No. R-172 authorizing among other things 320-acre spacing for a period of one year for the Gallegos Canyon Unit from and after the date aforesaid, and

WHEREAS Said authorization of 320-acre spacing will expire by its own terms unless extended, and

WHEREAS Due notice to show cause why the Gallegos Canyon Unit Area in San Juan County, New Mexico, should not be placed on 160-acre spacing was served upon all interested parties, returnable June 16, 1953, and such parties duly appeared and moved the Commission for continuance, and good cause being shown therefor,

IT IS THEREFORE ORDERED:

First, That said cause be, and the same hereby is continued to the regular hearing date officially set for August 20, 1953, in Santa Fe, New Mexico, by the Oil Conservation Commission.

Second, That all the rights, obligations and duties in the matter of spacing in the Gallegos Canyon Unit Area included and imposed by Order R-172, dated July 24, 1952, be and the same hereby are extended and remain in full force and effect until said hearing date of August 20, 1953, as aforesaid, and the regular issuance thereafter of the Commission order in the premises, but in no event later than September 17, 1953.

DONE at Santa Fe, New Mexico, this 23rd day of June, 1953.

Oil Conservation Commission - Signed by: Edwin L. Mechem, Chairman; E. S. Walker, Member; R. R. Spurrier, Secretary.

BEFORE THE O.L 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. 377
Order No. R-172-B

THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
UNDER THE TERMS OF ORDER NO. R-172
DIRECTING BENSON & MONTIN TO APPEAR
AND SHOW CAUSE WHY 160 ACRE SPACING
PATTERN SHOULD NOT BE INSTITUTED FOR
PICTURED CLIFFS GAS WELLS IN THE GALLEGOS
CANYON UNIT AREA, SAN JUAN COUNTY, NEW
MEXICO TO SUPERSEDE THE 320 ACRE SPACING
GRANTED FOR ONE YEAR AFTER ORIGINAL
HEARING.

West Kutz

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on regularly for hearing at 9 o'clock a.m., August 20, 1953, and on good cause shown by Benson and Montin was continued to September 17, 1953 at 9 o'clock a.m., at which time hearing was duly held on the above captioned matter before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 17th day of December, 1953, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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-172, duly signed by the Commission on July 24, 1952, a well spacing pattern based upon 320 acres was established for the development of the Pictured Cliffs formation on the following described acreage for a temporary period of one year from date of said order, said described acreage being within the defined limits of the West Kutz-Pictured Cliffs Gas Pool, as heretofore classified, defined, described and extended by various Commission orders.

Township 28 North, Range 11 West, NMPM
All of Partial Section 7,
All of Sections 18 and 19.

Township 28 North, Range 12 West, NMPM
Partial Sections 7 through 12, and
Sections 13 through 34, incl.

Township 28 North, Range 13 West, NMPM
Partial Sections 10, 11 and 12,
Sections 13, 14 and 15, Sections 23
through 26, incl., and Sections 35
and 36.

Township 29 North, Range 12 West, NMPM
SW/4 Section 16, Sections 17 through 21, W/2
and SE/4 of Section 22, W/2 and SE/4 of
Section 25, and Sections 26 through 36, incl.

Township 29 North, Range 13 West, NMPM
Sections 9 through 16, Sections 21 through
28, and Sections 33 through 36, incl.

(3) That the remaining portion of the West Kutz-Pictured Cliffs Pool lying to the south has been developed on the basis of 160 acre well spacing and production units.

(4) That the Gallegos Canyon Unit Area established under the provisions of the Gallegos Canyon Unit Agreement, approved by the Commission, by Order R-68, comprises approximately the northwesterly one-half of the West Kutz-Pictured Cliffs Pool and that this area has been developed and produced on the basis of 320 acre spacing and production units.

(5) That the West Kutz-Pictured Cliffs gas pool embraces a common source of gas supply and that there is no known underground barrier which would impede the flow of gas within the common source of supply.

(6) That the development of the West Kutz-Pictured Cliffs pool on two different spacing patterns is not in the best interest of conservation and will impair correlative rights.

(7) That the development of lands committed to the Gallegos Canyon Unit Agreement is subject to the terms of the Unit Agreement.

(8) That for the prevention of waste and protection of correlative rights, a uniform spacing pattern should be established for the orderly development and production of the West Kutz-Pictured Cliffs gas pool.

IT IS THEREFORE ORDERED:

(1) That Order R-~~182~~ 172 is hereby terminated.

(2) That the land embraced in said Order No. R-172, as extended, be developed on a 160-acre spacing pattern provided, however, that development on lands committed to the Gallegos Canyon Unit Agreement shall be subject to the terms of the Unit Agreement.

DONE at Santa Fe, New Mexico on the day and year first above written.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

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. 696
Order No. R-566

THE APPLICATION OF J. D. HANCOCK, JR.
FOR AN ORDER REQUIRING RATABLE TAKE
OR PRORATION OF GAS PRODUCTION IN THE
WEST KUTZ-PICTURED CLIFFS GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.

West Kutz

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on May 19, 1954, June 24, 1954, and July 14, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 23rd day of December, 1954, the Commission, a quorum being present, having considered the records and the testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under the provisions of various orders the Commission has created and defined the vertical and horizontal limits of the West Kutz-Pictured Cliffs Gas Pool in San Juan County, New Mexico, and that by various other orders the Commission has extended the horizontal limits thereof.

(3) That there is a need for minor revisions of the horizontal limits of the West Kutz-Pictured Cliffs Gas Pool.

(4) That the producing capacity of the gas wells producing from the West Kutz-Pictured Cliffs Gas Pool exceeds the market demand for gas from said pool.

(5) That in order to prevent waste in the West Kutz-Pictured Cliffs Gas Pool and in order to protect correlative rights, certain rules and procedures should be adopted to provide a method of allocating gas among the proration units in the West Kutz-Pictured Cliffs Gas Pool.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the West Kutz-Pictured Cliffs Gas Pool shall be that area described in Exhibit "A" attached hereto and made a part hereof.

(2) That the following shall be the:

SPECIAL RULES AND REGULATIONS
FOR THE WEST KUTZ-PICTURED CLIFFS
GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the West Kutz-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the West Kutz-Pictured Cliffs Gas Pool.

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

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

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written stipulation that such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the West Kutz-Pictured Cliffs Gas Pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation

in the West Kutz-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard proration unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard proration unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 158 acres.

2. The unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

3. The acreage assigned the non-standard unit lies wholly within the legal section.

4. The acreage assigned the non-standard unit is contiguous with the acreage containing said well.

5. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

6. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

7. The operator making application for such exception to Rule 6 (A) includes with such application:

(a) Waivers from (1) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration units; and (b) all operators owning interests in acreage offsetting the non-standard proration unit; or

(b) A list of names and mailing addresses of all operators outlined in paragraph (a), together with proof of the fact that said operators were notified by registered mail of the applicant to form such non-standard gas proration unit. The Secretary-Director of the Commission may approve such application if, after a period of 20 days following the mailing of said notice, no operator as outlined in paragraph (1) above has entered an objection to the formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the West Kutz-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amount of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the West Kutz-Pictured Cliffs gas pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the West Kutz-Pictured Cliffs pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary or supplemental nominations, whichever is applicable, together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All communications shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the West Kutz-Pictured Cliffs gas pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner:

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD" factor bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage factors of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-A; provided however, that the deliverability pressure shall be determined as follows:

"Deliverability Pressure", as employed herein, shall be equal to fifty percent (50%) of the seven (7) day shut-in pressure of each respective well.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a.m., M.S.T. February 1, and 7 o'clock a.m., M.S.T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the West Kutz-Pictured Cliffs pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the firstproration period shall commence on March 1, 1955, and shall continue for a period of eleven months until February 1, 1956. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission by the purchaser, or the filing date of Form C-104 and Form C-110 and the above-described plat, whichever date is the later. Affidavits of connection will be submitted to the District Office of the Commission, Box 697, Aztec, New Mexico.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-A has been submitted.

In the absence of deliverability test data on newly completed wells, the open-flow potential taken in conformance with Order R-333-A may be used in approximating the well's deliverability. In this instance, an assumed deliverability equal to 15% of the volume of gas produced in the initial potential test will be used. The allowable thus established using an estimated deliverability shall be a tentative allowable and such allowable will be recalculated using the deliverability test data upon the submission of such data to the Commission.

Deliverability tests shall be taken and calculated in conformance with Order R-333-A, the provisions of Rule 10 of this order and the testing schedule provisions of Order R-333-A.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, such form to reach the Commission on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the West Kutz-Pictured Cliffs gas pool shall submit a report to the Commission, such report to reach the Commission on or before the 24th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed on the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas; produced from the West Kutz-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

The following provisions shall apply to the West Kutz-Pictured Cliffs Gas Pool.

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill or Recomplete", or USGS Form 3-391-a, whichever is applicable, all operators shall strictly comply with the applicable provisions of Order R-397. Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall file with the Commission a list of all wells within each pool connected to their gas transportation facility as of February 1, 1955, and shall furnish connection notices thereafter, in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

The list required above shall contain the name of the operator, lease name, well number, unit, and location of the well (Section, Township and Range). Connection notices shall indicate the date of connection in addition to the above-listed data.

EXHIBIT "A"

Horizontal limits of the West Kutz-Pictured Cliffs Gas Pool.

Township 26 North, Range 10 West
W/2 Sec. 4, all of Secs. 5, 6, 8 & 9
NW/4 Sec. 10

Township 26 North, Range 11 West
N/2 Sec. 1, N/2 Sec. 2, NE/4 Sec. 3

Township 27 North, Range 10 West
SW/4 Sec. 29, S/2 Sec. 30, all of Secs. 31 & 32,
SW/4 Sec. 33

Township 27 North, Range 11 West
S/2 Sec. 4, all Secs. 5 thru 9, incl.,
SW/4 Sec. 10, SW/4 Sec. 14, all of Secs. 15,
16, 17 & 18, E/2 Sec. 20, all Secs. 21, 22 & 23
W/2 Sec. 24, W/2 & SE/4 Sec. 25, all Secs.
26, 27 & 28, E/2 Sec. 29, E/2 Sec. 34, all
Secs. 35 & 36.

Township 27 North, Range 12 West
All of Secs. 1 thru 4, incl.
N/2 Sec. 5, N/2 Sec. 6, all of Secs. 10, 11, 12,
& 13, E/2 Sec. 14

Township 28 North, Range 11 West
S/2 Sec. 29, S/2 Sec. 30,
All of Secs. 31 & 32

Township 28 North, Range 12 West
All of partial Secs. 7, 8 and 9,
All Secs. 14 thru 30 incl., E/2 Sec. 31,
All Secs. 32 thru 36, incl.

Township 28 North, Range 13 West
E/2 partial Sec. 10
All of partial Secs. 11 & 12,
All of Secs. 13 & 14, E/2 Sec. 15
N/2 Sec. 22, N/2 Sec. 23, N/2 Sec. 24

Township 29 North, Range 12 West
All of Secs. 19, 29, 30, 31 & 32

Township 29 North, Range 13 West
All of Secs. 25, 26, 27, 28, 33, 34, 35 & 36

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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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. 696
ORDER NO. R-566-A

THE APPLICATION OF J. D. HANCOCK, JR.
FOR AN ORDER REQUIRING RATABLE TAKE
OR PRORATION OF GAS PRODUCTION IN THE
WEST KUTZ-PICTURED CLIFFS GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.

West Kutz

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order R-566, dated December 23, 1954, does not correctly and accurately state the order of the Commission in certain particulars due to inadvertence and clerical error,

IT IS THEREFORE ORDERED:

That Order No. R-566, as the same appears in the records of the Commission, and the original of said order, be amended in the following respects and particulars:

Rule 3 of the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool is ordered stricken and the following paragraph substituted therefor:

> "Any well drilled within the defined limits of the West Kutz-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 100 feet is permissible."

IT IS FURTHER ORDERED: That the corrections and changes set forth in this order be entered nunc pro tunc in the original order as of December 23, 1954, the date of said original order.

DONE at Santa Fe, New Mexico, on this 7th day of January, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

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W. B. MACEY, Member and Secretary

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. 696
Order No. R-566-B

THE APPLICATION OF J. D. HANCOCK, JR.
FOR AN ORDER REQUIRING RATABLE TAKE
OR PRORATION OF GAS PRODUCTION IN THE
WEST KUTZ-PICTURED CLIFFS GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.

West Kutz

ORDER OF THE COMMISSION FOR REHEARING

BY THE COMMISSION:

This cause came on for consideration upon the petition of Stanolind Oil and Gas Company for rehearing on Order No. R-566, heretofore entered by the Commission on December 31, 1954.

NOW, on this 31st day of January, 1955, the Commission, a quorum being present,

IT IS HEREBY ORDERED:

That the above-entitled matter be reopened and a rehearing be held on March 17, 1955, at 9 o'clock a. m. on said day at Santa Fe, New Mexico, at which time and place all interested parties may appear.

IT IS FURTHER ORDERED:

That matters to be considered upon rehearing shall be limited to a reconsideration of the provisions of Order R-566 pertaining to the establishment of proration units and to matters raised by petitioner's application for rehearing.

IT IS FURTHER ORDERED:

That Order R-566 shall remain in full force and effect pending the issuance of any further order.

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

State of New Mexico
Oil Conservation Commission

Signed by: John F. Simms, Chairman; E. S. Walker, Member; W. B. Macey, Member and Secretary.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 696
Order No. R-566-C

IN THE MATTER OF THE APPLICATION OF
JAMES D. HANCOCK & CO., LTD., FOR AN
ORDER REQUIRING RATABLE TAKE OF GAS
IN THE WEST KUTZ-PICTURED CLIFFS POOL,
SAN JUAN COUNTY, NEW MEXICO, OR FOR
PRORATION OF GAS PRODUCTION IN SAID POOL.

West Kutz

ORDER OF THE COMMISSION ON REHEARING

BY THE COMMISSION:

This case came on regularly for hearing at 9:00 a.m., on May 19, 1955, at Santa Fe, New Mexico, on the petition of Stanolind Oil and Gas Company for a re-hearing.

NOW, on this 17th., day of August, 1955, the Commission, a quorum being present, being fully advised in the premises,

FINDS:

(1) That the Commission heretofore entered its Order No. R-566 and No. R-566-A in this case providing for the allocation of gas production, and establishing pool rules for the West Kutz-Pictured Cliffs Gas Pool.

(2) That petitioner, Stanolind Oil and Gas Company, sought a review of the evidence offered in Case No. 696, insofar as said evidence pertains to the size of proration units in the West Kutz-Pictured Cliffs Gas Pool.

(3) That by Order No. R-566-B, the Commission, granted a rehearing on the provisions of Order No. R-566, said rehearing being limited to a reconsideration of provisions pertaining to establishment of proration units and other matters raised by petitioner's application for rehearing.

(4) That due public notice having been given as required by law, the Commission has jurisdiction of this case, and the subject matter covered by the order for rehearing.

(5) That the Commission having reviewed the record, and exhibits offered, and having heard the arguments of counsel, and being fully advised, finds that its Order No. R-566 is supported by the evidence offered and the testimony and exhibits received.

(6) That amendment of Rule 6 (B) of Order No. R-566, as prayed for in petitioner's application for rehearing, should be denied.

IT IS THEREFORE ORDERED:

(1) That Order No. R-566, as amended by Nunc Pro Tunc Order of the Commission No. R-566-A, dated January 7, 1955, be, and the same hereby, in all respects affirmed.

(2) That the relief prayed for by Stanolind Oil and Gas Company in its application for rehearing in Case No. 696, be, and the same hereby is, in all respects denied.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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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:

941)
CASES: 696) Consolidated
Order No. R-566-D

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
REVISING ORDER R-566-C AFFECT-
ING AND CONCERNING THE WEST KUTZ-
PICTURED CLIFFS GAS POOL, SAN JUAN
COUNTY, NEW MEXICO.

West Kutz

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on May 19, 1954, June 24, 1954, July 14, 1954, and August 17, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 13th., day of October, 1955, the Commission, a quorum being present having considered the records, and the testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That there is need for the revision of Orders R-566, R-566-A, R-566-B, and R-566-C and their consolidation into this order, due to the revision of Order R-333-B.

IT IS THEREFORE ORDERED:

That the following shall be the:

SPECIAL RULES AND REGULATIONS
FOR THE WEST KUTZ-PICTURED CLIFFS
GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the West Kutz-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the West Kutz-Pictured Cliffs Gas Pool.

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

RULE 3: Any well drilled within the defined limits of the West Kutz-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided however, that a tolerance of 200 feet is permissible.

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the West Kutz-Pictured Cliffs Gas Pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the West Kutz-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this Rule.

The Allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 158 acres.

2. The unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

3. The acreage assigned the non-standard unit lies wholly within a legal section.

4. The acreage assigned the non-standard unit is contiguous with the acreage containing said well.

5. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

6. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

7. The operator making application for such exception to Rule 6 (A) includes with such application:

(a) Waivers from (1) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration units; and (2) all operators owning interests in acreage offsetting the non-standard proration unit; or

(b) A list of names and mailing addresses of all operators outlined in paragraph (a) above, together with proof of the fact that said operators were notified by registered mail of the intent of the applicant to form such non-standard gas proration unit. The Secretary-Director of the Commission may approve such application if, after a period of 20 days following the mailing of said notice, no operator as outlined in paragraph (a) (1) above has entered an objection to the formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the West Kutz-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amount of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the West Kutz-Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the West Kutz-Pictured Cliffs Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary of supplemental nominations, whichever is applicable, together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All communications shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the West Kutz-Pictured Cliffs Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner;

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocations among the wells in the proportion that each well's "AD" factor bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a.m., M.S.T., February 1, and 7 o'clock a.m., M.S.T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the West Kutz-Pictured Cliffs Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the first proration period shall commence on March 1, 1955, and shall continue for a period of eleven months until February 1, 1956. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof if not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence (a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser,

(b) the latest filing date of Form C-104, Form C-110 or the above described plat, or (c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C, whichever date is the later.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-C has been submitted.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provisions of Order R-333-C.

A change in a wells deliverability due to retest or test after recompletion or workover shall become effective the first of the month following receipt and approval of Form C-122-A for such test. Such tests shall be taken in accordance with Order R-333-C.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, such form shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the West Kutz-Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 16th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed on the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico, and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the West Kutz-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill", or USGS Form 9-331-a, (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104 (b). Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall file with the Commission connection notices in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 997
Order No. R-566-E

THE APPLICATION OF THE OIL CONSERVATION COMMISSION AT THE REQUEST OF PUBCO DEVELOPMENT, INCORPORATED, FOR AN ORDER REVISING RULE 9 OF ORDER R-128-D PERTAINING TO THE BLANCO-MESAVERDE GAS POOL RULES; RULE 14 OF ORDER R-565-C PERTAINING TO THE AZTEC-PICTURED CLIFFS POOL RULES; RULE 14 OF ORDER R-565-C PERTAINING TO THE SOUTH BLANCO-PICTURED CLIFFS GAS POOL RULES; RULE 14 OF ORDER R-565-C, PERTAINING TO THE FULCHER KUTZ-PICTURED CLIFFS GAS POOL RULES AND RULE 14 OF ORDER R-566-D, PERTAINING TO THE WEST KUTZ-PICTURED CLIFFS GAS POOL RULES; SAID RULES PROPOSE TO REVISE THE EXISTING RULES PERTAINING TO THE ASSIGNMENT OF ALLOWABLES ON RECOMPLETED WELLS.

West Kutz

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 19, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 29th day of March 1956, the Commission, a quorum being present, having considered the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) The revision of paragraph 4 of Rule 9 of Order R-128-D of the Special Rules and Regulations of the Blanco Mesaverde Gas Pool, the revision of paragraph 4 of Rule 14 of Order R-565-C pertaining to the Special Rules and Regulations of the Aztec-Pictured Cliffs Gas Pool, revision of paragraph 4 of Rule 14 of Order R-565-C pertaining to the Special Rules and Regulations of the South Blanco-Pictured Cliffs Gas Pool, and the revision of paragraph 4 of Rule 14 of Order R-565-C pertaining to the Special Rules and

Regulations of the Fulcher Kutz-Pictured Cliffs Gas Pool, are being covered in other orders of this Commission.

(3) That sufficient evidence has been adduced to indicate the advisability of revising paragraph 4 of Rule 14 of Order R-566-D of the Special Rules and Regulations of the West Kutz-Pictured Cliffs Gas Pool and said rule should be revised herein.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission at the request of Pubco Development, Incorporated, for an order revising paragraph 4 of Rule 14 of Order R-566-D, pertaining to the Special Rules and Regulations of the West Kutz-Pictured Cliffs Pool, be and the same hereby is approved, and paragraph 4 of said Rule 14 of Order R-566-D of the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool, be and the same is hereby revised to read as follows:

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator; or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D; or,

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico.)

(Form C-104 shall specify the exact nature of the workover or remedial work; If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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EXISTING GAS POOL RULES FOR
WEST KUTZ-PICTURED CLIFFS GAS POOL

FINDINGS:

1. That for purposes of orderly development, portection of correlative rights and the prevention of waste, the following pools in San Juan and Rio Arriba Counties, New Mexico heretofore by the Commission named, defined and classified as gas pools, as the respective boundaries thereof may be changed by extension or otherwise, should be provided with proper spacing pattern and production units;

West Kutz Canyon (Pictured Cliffs) pool, 160-acre spacing;

2. Under 160-acre spacing for Aztec, Blanco (Pictured Cliffs), Gavilan, South Kutz Canyon and West Kutz Canyon pools, orthodox locations should be required as stated in Rule 104 (or 330' from inner and 660' from outer boundaries of the respective quarter section).

(The above two findings are from Order R-46.)

3. That the producing capacity of the gas wells producing from the West Kutz-Pictured Cliffs Gas Pool exceeds the market demand for gas from said pool.

4. That in order to prevent waste in the West Kutz-Pictured Cliffs Gas Pool and in order to protect correlative rights, certain rules and procedures should be adopted to provide a method of allocating gas among the proration units in the West Kutz-Pictured Cliffs Gas Pool.

(The above two findings are from Order R-566.)

IT IS THEREFORE ORDERED:

That the special pool rules applicable to the West Kutz-Pictured Cliffs Gas Pool be and the same hereby are promulgated as follows:

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the West Kutz-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the West Kutz-Pictured Cliffs Gas Pool.

(Originally appeared in Order R-566, and copied in Order R-566-D.)

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

(Originally appears in Order R-566, and copied in Order R-566-D.)

RULE 3: Any well drilled within the defined limits of the West Kutz-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided, however, that a tolerance of 200 feet is permissible.

(The subject matter of Rules 2 and 3 is covered in Section 1 and 3 of Order R-46, and amended by Order R-397. They first appeared in present form in Order R-566. Rule 3 was amended by Order R-566-A, and appears in present form in Order R-566-D.)

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well, a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

(First appeared in Order R-566 and incorporated in its present form in Order R-566-D.)

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the West Kutz-Pictured Cliffs Gas Pool.

(First appeared in Order R-566, copied in Order R-566-D.)

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the West Kutz-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this Rule.

The Allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 158 acres.

2. The unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

3. The acreage assigned the non-standard unit lies wholly within a legal section.

4. The acreage assigned the non-standard unit is contiguous with the acreage containing said well.

5. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

6. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

7. The operator making application for such exception to Rule 6 (A) includes with such application:

(a) Waivers from (1) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration units; and (2) all operators owning interests in acreage offsetting the non-standard proration unit; or

(b) A list of names and mailing addresses of all operators outlined in paragraph (a) above, together with proof of the fact that said operators were notified by registered mail of the intent of the applicant to form such non-standard gas proration unit. The Secretary-Director of the Commission may approve such application if, after a period of 20 days following the mailing of said notice, no operator as outlined in paragraph (a) (1) above has entered an objection to the formation of such non-standard gas proration unit.

(First appeared in Order R-566, copied in Order R-566-D.)

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the West Kutz-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

(Originally appeared in Order R-566, copied in Order R-566-D.)

RULE 8: In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability date, or other evidence as to the well's producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the well's producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

(Originally appeared in Order R-566, copied in Order R-566-D, amended by Order R-967.)

RULE 9: The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner.

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

(Originally appeared in Order R-566, copied in Order R-566-D, amended by Order R-967.)

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C and D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

Balancing of Production:

RULE 10-A: The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

(Originally appeared in Order R-566, amended by Order R-566-D, further amended by Order R-967.)

RULE 11: Underproduction: Any non-marginal 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.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, such marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

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.

(First appeared in Order R-566, copied in Order R-566-D.
Paragraph 1 was amended and paragraph 6 added by Order R-967.)

RULE 12: Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

(First appeared in Order R-566, copied in Order R-566-D, and amended by Order R-967.)

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

(First appeared in Order R-566, copied in Order R-566-D.)

RULE 14: Allowables to newly completed gas wells shall commence

(a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser,

(b) The latest filing date of Form C-104, C-110 or the above described plat, or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122 in conformance with the provisions of R-333-C,

whichever date is the later.

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C and D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provision of Order R-333-C.

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator, or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D, or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

(First appeared in Order R-566. Paragraph 1 amended by Order R-566-D; paragraph 2 amended by Order R-967; paragraph 3 amended by Order R-566-D; paragraph 4 amended by Order R-566-E; paragraph 5 originally appeared in Order R-566 and copied in Order R-566-D.)

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, and such report shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the West Kutz-Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 15th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed in the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

(First appeared in Order R-566, copied in Order R-566-D.)

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

(First appeared in Order R-566, copied in Order R-566-D.)

RULE 17: No gas, either dry gas or casinghead gas, produced from the West Kutz-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

(First appeared in Order R-566, copied in Order R-566-D.)

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill or Recomplete", or USGS Form 9-331-a, (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104 (b). Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall furnish connection notices to the Commission in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

(The substance of the above three paragraphs originally appeared in Order R-566; slightly amended by Order R-566-D.)

BLANCO - MESAVERVE

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASES NO. 882) Consolidated
941)
Order No. R-333-C and D
(Supersedes R-333-B)

THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER REVISING, AMENDING OR DELETING CERTAIN PORTIONS OF ORDER R-333-B PERTAINING TO GAS WELL TESTING PROCEDURE APPLICABLE TO GAS WELLS COMPLETED IN SAN JUAN, RIO ARRIBA AND McKINLEY COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause having come on for hearing at 9 o'clock a. m. on August 17, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 13th., day of October, 1955, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That there is need for a number of additions to and revisions of Order R-333-B, heretofore entered by the Commission, said order outlining a gas testing procedure of gas wells completed in San Juan, McKinley and Rio Arriba Counties, New Mexico.

(3) That the following rules and regulations should be adopted, and that said rules and regulations are in the interests of conservation.

IT IS THEREFORE ORDERED:

That the following Special Rules and Regulations governing gas well testing in the San Juan Basin (Counties of San Juan, Rio Arriba and McKinley, New Mexico,)

superseding the rules and regulations contained in Order No. R-333-B, be and the same hereby are promulgated and adopted as an exception to the general statewide rules and regulations of this Commission relating to gas well testing procedures, Rules (401 et seq.):

GAS WELL TESTING RULES AND PROCEDURES FOR SAN JUAN BASIN AREA

SECTION A. TYPE OF GAS WELL TESTS REQUIRED:

I. THE INITIAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS FOR NEWLY COMPLETED GAS WELLS.

(A) Immediately upon completion of each gas well in San Juan Basin, a shut-in pressure test of at least 7-days duration shall be made.

(B) Within 45 days after a well is connected to a gas transportation facility the well shall be tested in accordance with Section B, Subsection I, Paragraph (A) of this order, and the results of the test reported to the Commission. An operator may request an extension of time in which to accomplish this test provided such request is made in writing to the Commission's Aztec Office before the expiration of the 45 day period following connection of the well to a gas transportation facility. Such request for extension must be for substantial reason and approved by the Commission, or its duly authorized representative. Said extension shall not be for more than fifteen days.

(C) Any tests accomplished for information purposes prior to pipeline connection shall not be recognized as an official test for the establishment of allowables.

II. ANNUAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS:

Annual deliverability and shut-in pressure tests of all producing gas wells are required to be made during the period from April 1 through October 31 of each year.

All wells connected to a pipeline system between November 1 and December 31, of any calendar year shall be tested during the following annual testing period. All wells connected to a pipeline system between January 1 and April 1 of any calendar year shall be tested during the testing period of that calendar year.

An Initial Deliverability Test accomplished in accordance with Section B, Subsection I, Paragraph (A), Subparagraph 1, may be used as an annual test when the test is taken on wells connected to a transportation facility during the regular annual testing season from April 1, to October 31.

III. SCHEDULE OF TESTS

(A) ANNUAL DELIVERABILITY TESTS

On or before February 15 of each year, the pipeline companies receiving gas from wells to be tested shall, in cooperation with respective operators, submit a

testing schedule for the annual deliverability and shut-in pressure tests for all wells connected to their respective pipeline systems as of February 1 of the year for which the schedule is applicable; such test schedules shall be filed promptly with the Commission for approval, and if approved, the Commission shall furnish each operator, as identified by lists of names and addresses furnished by the respective pipeline companies, with a copy of such schedule as approved by the Commission, or a part thereof pertinent to such operator's wells, on or before March 15, of each year.

Such schedules shall be filed with the Commission for each Gas Pool as designated by the New Mexico Oil Conservation Commission listing under the heading of each pool the operator, lease, well number and location of each well. Should the pipeline company elect to file schedules by areas then the above listed information shall be listed under the heading of each area in the order listed above.

All wells connected to a pipeline system during the period of February 1 to October 31, both inclusive, of any year shall be scheduled for testing during the testing period for that particular year. Then and in that event the pipeline in cooperation with the operator shall notify the Commission in writing at least (10) ten days before the Commencement of the conditioning period for any tests.

Provided however, that when an Initial Deliverability Test accomplished in accordance with Section B, Subsection I, Paragraph (A), Subparagraph 1 is to be used as an annual test for wells connected to a gas transportation facility during the period between April 1 and October 31, then the operator shall notify the Commission in writing at any time during the fourteen day conditioning period.

In event changes for substantial reasons are necessary in the annual test schedule, the Commission shall be notified (10) ten days before tests are scheduled to commence.

(B) DELIVERABILITY RETESTS.

An operator may retest the deliverability of a well at any time for substantial reason by the notification to the Commission (10) ten days before the retest is scheduled to commence. Such notification shall consist of scheduling the well as required for the annual deliverability test in subsection III, Paragraph A, above. Such retest shall be subject to the approval of the Commission, and conducted in conformance with Section B, Subsection I, Paragraph (B) of this order. The Commission may require the retesting of any well at its discretion by the notification of the operator to schedule such retest.

The requirements for Initial and Annual Deliverability Tests and the notification and scheduling of such tests which apply to newly completed wells shall also apply to reworked or recompleted wells.

IV. WHO MAY WITNESS TESTS:

Any initial or annual deliverability and shut-in pressure test may be witnessed by any or all of the following: an agent of the Commission, an offset operator, a representative of the pipeline company taking gas from an offset operator, or a representative of a pipeline company taking gas from the well under test.

Deliverability tests required hereinabove in Subsection I and II of this section shall determine the calculated deliverability of each gas well, which shall be reported to the Commission by converting actual deliverability against existing line pressures to the calculated deliverability at a pressure equal to fifty (50) percent of the shut-in pressure of each well in the manner hereinafter specified below. Such calculated deliverability so determined, and hereinafter so referred to, shall not be considered as the actual deliverability of any well into a gas transportation facility, but shall be used by the Commission as an index to determine the well's ability to produce at assumed static wellhead working pressures, as compared to other wells in the pool under like conditions.

SECTION B. PROCEDURE FOR TESTS:

The several known gas producing formations of the San Juan Basin represent a variety of testing situations, and each is treated separately.

I. MESAVERDE FORMATION:

(A) INITIAL DELIVERABILITY AND SHUT-IN PRESSURE TEST.

1. Within (45) forty-five days after a newly completed well is connected to a gas transportation facility the operator shall accomplish a deliverability and shut-in pressure test in conformance with Section B, sub-section I, paragraph (B) of this order.

2. In the event that testing a newly completed well in accordance with paragraph 1 above, is impractical, the operator may accomplish a deliverability and shut-in pressure test in the following manner:

   a. A seven or eight day production chart may be used as a basis for determining the wells deliverability providing the chart so used is preceded by at least (14) fourteen days continuous production. The well shall produce unrestricted through either the casing or tubing, but not both, into a pipeline during these periods.

   b. A shut-in pressure of at least seven days duration shall be taken. This shall be the shut-in test required in Section A, subsection I, Paragraph (A).

   c. The average daily static meter pressure shall be determined in accordance with Section B, subsection I, Paragraph (B). This pressure shall be used as P_t in calculating P_w for the Deliverability Calculation.

d. The daily average rate of flow shall be determined in accordance with Section B, Subsection I, Paragraph (B), of this order.

e. The static wellhead working pressure (P_w) shall be determined in accordance with Section B, subsection I, paragraph (B), of this order.

f. The deliverability of the well shall be determined by using the data determined in paragraphs a through f, above, in the deliverability formula in accordance with Section B, subsection I, paragraph (B), of this order.

g. The data and calculations for the above paragraphs a through f shall be reported to the Commission upon the blue colored Form C-122-A and filed in triplicate with the Commission within the forty-five day period after connection of the well. Form C-122-A shall be signed by the operator or an agent designated by the operator.

(B) THE ANNUAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS.

These tests shall be taken by unrestrictedly producing the well into the pipeline through either the casing or tubing, but not both. The daily flowing rate shall be determined from an average of seven (7) consecutive producing days, following a minimum conditioning period of fourteen (14) consecutive days production. The first seven (7) days of said conditioning period shall have not more than one (1) interruption, which interruption shall be no longer than 36 hours continuous duration. The eighth to fourteenth days, inclusive, of said conditioning period shall have no interruptions whatsoever. All such production during the fourteen (14) day conditioning period plus the seven (7) day deliverability test period shall be a static wellhead working pressures not in excess of seventy-five (75) per cent of the previous annual seven (7) day shut-in pressure of such well if such previous annual shut-in pressure information is available; otherwise, the seven (7) day initial deliverability shut-in pressure of such well shall be used.

In the event that existing line pressure does not permit a drawdown as specified above, with the well producing unrestrictedly into the pipeline, the operator shall request an exception to this requirement on the Form C-122-A. The request shall state the reasons for the necessity for the exception.

The static wellhead working pressure (P_w) of any well under test shall be the calculated seven (7) day average static tubing pressure if the well is flowing through the casing; or the calculated seven (7) day average static casing pressure if the well is flowing through the tubing. The static wellhead working pressure (P_w) shall be calculated by applying the tables and procedures as set out in New Mexico Oil Conservation Commission manual entitled "Method of Calculating Pressure Loss Due to Friction in Gas Well Flow Strings". This manual is more specifically known as release 4-G-9-FLT-NW, a copy of which is attached hereto and made a part hereof.

To obtain the shut-in pressure of a well under test the well shall be shut-in immediately after the seven (7) day deliverability test for the full period of seven (7) consecutive days. Such shut-in pressure shall be measured within the next succeeding twenty-four (24) hours following the seven (7) day shut-in period aforesaid. The seven (7) day shut-in pressure shall be measured on the string through which the well flowed during the conditioning and seven (7) day flow period.

All wellhead pressures as well as the flowing meter pressure tests which are to be taken during the seven (7) day deliverability test period, as required hereinabove, shall be taken with a dead-weight gauge. The dead-weight readings taken shall be recorded on the flow chart in psia. The time and point on chart flowing pressure curve at which these readings are taken shall be indicated with an arrow.

Orifice meter charts shall be changed, and so arranged as to reflect upon a single chart the flow data for the gas from each well for the full seven day deliverability test period. Corrections shall be made for pressure base, measured flowing temperature, specific gravity and supercompressibility (superexpansibility), provided however, that if the specific gravity of gas from any well under test is not available, then and in that event an estimated specific gravity may be assumed therefor, based upon that of gas from nearby wells, the specific gravity of which has been actually determined by measurement.

The seven (7) day average flowing meter pressure shall be calculated by taking the average of all consecutive 2-hour flowing meter pressure readings as recorded on the seven (7) day flow period chart (test chart #3). The pressure so calculated shall be used in calculating the wellhead working pressure, determining supercompressibility factors and calculating flow volumes.

The seven (7) day flow period volume shall be calculated from the integrated readings as determined from the flow period orifice meter chart, (Chart #3). The volume so calculated shall be divided by the number of testing days on the chart to determine the average daily flow period rate of flow. The flow chart shall have legibly recorded a minimum of seven (7) days and a maximum of eight (8) flowing days to be acceptable for test purposes. The volume used in this calculation shall be corrected to New Mexico Oil Conservation Commission standard conditions.

The average flowing meter pressure for the seven (7) day or eight (8) day flow period and the corrected integrated volume shall be determined by the purchasing company that integrates the flow charts and furnished to the operator or testing agency when such operator or testing agency requests such information.

The daily average integrated flow period rate of flow shall be corrected for meter error by the multiplication by a correction factor determined by dividing

the square root of the chart flowing meter pressure psia into the square root of the dead-weight flowing meter pressure psia,

The daily volume of flow as determined from the flow period chart (Test Chart #3) integrator readings shall be calculated by applying the Basic Orifice meter formula.

$$Q = C' \sqrt{h_w \; p_f}$$

Where:

Q = Metered volume of flow MCFD @ 15.025, 60°F. and .60 specific gravity.

C' = The 24 hour basic orifice meter flow factor as taken from New Mexico Oil Conservation Commission release "4G-12-BPT State" and corrected for flowing temperature, gravity and supercompressibility.

h_w = Daily average differential meter pressure from flow period chart.

P_f = Daily average flowing meter pressure from flow period chart.

The basic orifice meter flow factors, flowing temperature factor and specific gravity factor shall be determined from New Mexico Oil Conservation Commission release No. "4G-12-BPT-State". The four tables in said release are based on "gas measurement committee report No. 2" (Revised 1948) of the American Gas Association, New York 17, New York. A copy of said New Mexico Oil Conservation Commission release is attached hereto and made a part hereof.

The daily flow period average corrected flowing meter pressure, psig, shall be used to determine the supercompressibility factor. Correction shall be made for supercompressibility (deviation from Boyle's law) for flowing meter pressures in excess of 100 psig by the use of Simplified Supercompressibility Tables, compiled from C. N. G. A. Bulletins TS-402 and TS-461, published by John P. Squier Company, Dallas, Texas. These tables have been reproduced by specific permission from John P. Squier Company a copy of which is attached hereto and made a part hereof.

When supercompressibility (superexpansibility) correction is made for a gas containing either nitrogen or carbon dioxide in excess of 2 per cent, the supercompressibility factors of such gas shall be determined by the use of Table V of the above mentioned TS-402 for pressure 100-500 psig or Table II, TS-461 for pressures in excess of 500 psig.

The use of tables for calculating rates of flow from integrator readings, which do not specifically conform to New Mexico Oil Conservation Commission release "4-G-12-BPT-State", may be approved for determining the daily flow period rates of flow upon a showing that such tables are appropriate and necessary.

Deliverability pressure, as used herein for Mesaverde production, is a defined pressure applied to each well and used in the process of comparing the abilities of wells in this formation to produce at static wellhead working pressures equal to fifty (50) per cent, of the seven (7) day shut-in pressure of the respective individual wells.

The deliverability of gas at the "deliverability pressure" of any well under test shall be calculated from the test data derived from the tests hereinabove required by use of the following deliverability formula:

$$D = Q \left[\frac{\left(P^2_c - P^2_d \right)}{\left(P^2_c - P^2_w \right)} \right]^n$$

WHERE:

D = Deliverability at the deliverability pressure, (P_d) MCF/da, (at Standard Condition of 15.025 psia and 60 °F).

Q = Daily flow rate in MCF/da, at wellhead pressure (P_w)

P_c = 7-day shut-in casing (or tubing) wellhead pressure, psia.

P_d = Deliverability pressure; half of the individual well 7-day shut-in pressure, P_c, psia.

P_w = Average static wellhead working pressure, as determined from 7-day flow period, psia and calculated from New Mexico Oil Conservation Commission Pressure Loss Due to Friction Tables. (Casing pressure if flowing through the tubing, or tubing pressure if flowing through the casing).

n = Average pool slope of back pressure curve (.75) for Mesaverde wells).

Any test hereinabove provided for will be considered unacceptable if the average flow rate for the final 7 day deliverability test is 25 per cent in excess of any consecutive 7-day average of the preceding two weeks. "A deliverability test" not meeting this requirement shall be retested.

The annual deliverability and shut-in pressure tests as required hereinabove shall be reported upon Commission Form C-122-A and filed in triplicate, with the Commission within the month next after completion of such tests. Form C-122-A shall be signed by the operator or agent designated as the operator.

All charts relative to annual deliverability tests shall be identified by the words "Test Chart No. 1" (2, 3, 4, etc.), and any or all charts or photostats thereof shall be made available to the Commission upon its request.

II. PICTURED CLIFFS FORMATION:

(A) INITIAL DELIVERABILITY AND SHUT-IN PRESSURE TEST:

Same as prescribed for Mesaverde formation; see Section B, subsection I, Paragraph (A).

(B) ANNUAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS:

In all respects the deliverability and shut-in pressure tests of wells in the Pictured Cliffs formation shall be made in conformity with the procedures set out in Section B, Subsection I, paragraph (B) of the Mesaverde formation procedures, except that in the back pressure formula, the exponent "n" shall have the value of point eighty-five (.85).

III. FRUITLAND FORMATION:

(A) All initial and annual deliverability and shut-in pressure tests of gas wells producing from the Fruitland formation shall be identical in all respects to those requirements and procedures hereinabove set out and required for the Pictured Cliffs formation in Section B, Subsection II, paragraphs (A) and (B).

IV. THE DAKOTA FORMATION:

All tests of Dakota wells shall be in conformity with requirements and procedures provided hereinabove for the Mesaverde formation, except as follows:

(A) BARKER DOME - DAKOTA: (Storage Area)

1. INITIAL OPEN FLOW POTENTIAL TEST:

An average "pool slope", based upon bottom-hole conditions, shall be established by the Commission after consideration of data to be provided by the

operators; these data shall be based upon tests taken in conformity with the conventional back pressure method, indicated in Commission Rule 401. This "slope" shall be applied to each well in the Barker-Dome Dakota Area, as if such slope were the actual performance back pressure slope of each such well, in the following manner:

This back pressure slope so established shall be plotted through a point predetermined by one stabilized flow rate at a static wellhead working pressure not in excess of seventy-five (75) per cent of the seven (7) day shut-in pressure of such well.

The flowing rates (Q) shall be corrected for pressure base, measured flowing temperature, specific gravity and supercompressibility, by the use of methods of calculation and tables hereinabove referred to and approved in Section B, Subsection I, paragraph (B), of the Mesaverde procedures.

A seven (7) day shut-in pressure test shall be made for each well in the Barker Dome-Dakota Area, provided however, that where the shut-in period exceeds seven days such fact shall be reported to the Commission.

The values of the seven (7) day shut-in pressure (P_c) and the working wellhead pressure (P_w) shall be corrected to bottom hole conditions.

A schedule of tests shall be prepared by the transporter and approved by the Commission, and reports of such tests shall be signed by the operator or his designated agent and duly filed with the Commission, on Form C-122, the regular statewide form.

2. ANNUAL OPEN FLOW POTENTIAL TEST:

This test shall be made of all wells producing from the Barker Dome-Dakota Storage Area by obtaining seven (7) day shut-in pressures of all Dakota wells, converting the same to bottom hole pressures (P_f) computing the squares of such bottom hole pressures, (P_f^2) and applying the same to the original average "pool slope" to obtain an adjusted open flow. If so desired as an alternate method an adjusted open flow may be computed from the following equation:

$$O_{f_2} = O_{f_1} \left[\frac{\left(P_{f_2}\right)^2}{\left(P_{f_1}\right)^2} \right]^n$$

WHERE:

O_{f_2} = Adjusted absolute open flow.

O_{f_2} = Original absolute open flow.

P_{f_2} = New bottom hole shut-in (psia.)

P_{f_2} = Old bottom hole shut-in (psia.)

n = Slope of back pressure curve.

Tests of all wells in the Barker Dome-Dakota storage area shall be made during the period of April 1 through October 31 of each year and reports made to the Commission within the next succeeding month after test is made.

V. PENNSYLVANIAN FORMATION:

All tests of wells producing from the Pennsylvanian formation of the San Juan Basin Area shall be as follows:

(A) INITIAL OPEN FLOW POTENTIAL TEST:

Immediately after completion of each new well an absolute open flow shall be determined by the conventional back-pressure method indicated by Rule 401 of the Commission's Rules and Regulations.

Seven day shut-in pressures will be used in all cases, and, if for any reason the shut-in period exceeds seven days, then, the actual shut-in time shall be reported.

(B) ANNUAL OPEN FLOW POTENTIAL TEST:

This test shall be made of all wells producing from the Pennsylvanian formation of the San Juan Basin Area, and such tests shall conform in all respects with the procedure set out next above under initial open flow potential test or in the alternative, by obtaining a seven day shut-in pressure of each well and converting the same to bottom hole pressure (P_f). The square of the bottom hole pressure (P_f^2) will be computed and applied to the original back pressure curve and an adjusted absolute open flow will be obtained.

If shut-in pressure time is in excess of seven (7) days, then the actual shut-in time shall be reported.

There is no objection to the use of an adjusted absolute open flow calculated from the equation as set out hereinabove under Dakota formation, Section B, Subsection IV, paragraph (A) - subparagraph 2.

All tests hereunder shall be made during the period from April 1 through October 31 of each year, and reported to the Commission upon regular Form C-122 during the month succeeding the month in which the tests are made.

SECTION C. INFORMATION TEST FOR ALL FORMATIONS.

I. TYPE OF TEST:

(A) A pitot potential test may be taken on newly completed wells before their connection to a gas transportation facility. This test shall not be a required official test but may be taken for information purposes at the option of the operator. When taken, this test shall be made and reported as prescribed in paragraph (B) following.

(B) PITOT POTENTIAL TEST:

The pitot potential test shall be made after a minimum shut-in time of seven (7) days. The shut-in pressure shall be measured by the use of a dead-weight gauge. The rate of flow shall be determined by a pitot tube measurement after unrestricted flowing of gas to the air for a period of three (3) hours; the flow nipple shall be at least eight (8) diameters long. The pitot tube shall be constructed of one-eight (1/8) inch pipe (nominal diameter). Standard tables (Reids) will be provided by the Commission on request.

Any well completed with two-inch nominal size tubing (1.995 inside diameter) or larger shall be tested through the tubing. Any well completed with tubing smaller than two-inch nominal shall be tested through the casing.

(C) REPORTING OF TEST.

When the pitot potential test is taken the results shall be calculated as prescribed in the Commission's Manual of Tables and Procedure and reported to the Commission on Form C-122-B.

IT IS FURTHER ORDERED:

(1) That Form C-122-A entitled "Gas Well Test Data Sheet, San Juan Basin", a copy of which is attached hereto and made a part hereof, be, and the same hereby is approved in open form subject to minor modifications as experience may indicate and the same shall be used only for the area heretofore indicated, excepting therefrom only the Barker Dome-Dakota storage area, and the Pennsylvanian formation, all within the said San Juan Basin.

(2) That this order shall modify Rule 1121 of the Rules and Regulations of the Commission only to the extent of requiring reports upon Form C-122, a copy of which is attached hereto and made a part hereof. Such Form C-122 is hereby approved in open form subject to minor changes and additions as experience may indicate necessary.

(3) All forms heretofore mentioned, are hereby adopted for the use in the San Juan Basin Area.

(4) All testing agencies whether individuals, companies, pipeline companies or operators shall maintain a log of all tests accomplished by them. This log shall show the operator, lease, well number, section unit letter, section, township, range and pool as defined by New Mexico Oil Conservation Commission, for each well tested. The log shall further show the date the flow period pressures (psia.) and shut-in pressures are measured and the values thereof. A copy of this log shall be made available to the Commission or a Commission representative at any time during any testing season. A copy of this log shall be filed with supervisor of District III, Box 697, Aztec, New Mexico, by the 10th of December following each testing season. A log form setting out the date required shall be furnished by the New Mexico Oil Conservation Commission to all testers, a copy of this form is attached hereto and made a part hereof.

IT IS FURTHER ORDERED:

That other formations in the San Juan Basin Area which may in the future be found to be productive will be provided with testing programs on the basis of formation characteristics.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 1378
Order No. R-333-E
Amends R-333-C & D

APPLICATION OF EL PASO NATURAL GAS COMPANY FOR AN ORDER REVISING, AMENDING OR DELETING CERTAIN PORTIONS OF ORDER R-333-C & D PERTAINING TO GAS WELL TESTING PROCEDURE APPLICABLE TO GAS WELLS COMPLETED IN SAN JUAN, RIO ARRIBA AND McKINLEY COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 13, 1958, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th. day of February, 1958, the Commission, a quorum being present, having considered the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That there is need for a number of amendments to Order R-333-C & D, heretofore entered by the Commission, said order outlining the gas testing procedure of gas wells completed in San Juan, McKinley and Rio Arriba Counties, New Mexico.

(3) That the following amendments should be adopted, in the interests of conservation.

IT IS THEREFORE ORDERED:

(1) That the gas well testing period of April 1 through October 31 as established by Order No. R-333-C & D be and the same is hereby amended to read "February 1 through December 15."

(2) That Sub-Sections II and III of Section A of Order R-333-C & D be and the same are hereby amended to read as follows:

II. ANNUAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS:

Annual Deliverability and Shut-In Pressure Tests of all producing gas wells are required to be made during the period from February 1 through December 15 of each year.

All wells making connection to a gas transportation facility between October 31 and December 31 of any calendar year shall be tested during the following annual testing period. All wells making connection to a gas transportation facility between January 1 and February 1 of any calendar year shall be tested during the testing period of that year.

An Initial Deliverability Test accomplished in accordance with Section B, Sub-paragraph 1, Paragraph (A), Subparagraph 1, may be used as an annual test when the initial connection to a gas transportation facility is made between February 1 and October 31 of the test year.

All Annual Deliverability and Shut-in Pressure Tests required by this order shall be filed with the Commission and with the gas transportation facility to which the well is connected within thirty (30) days after the end of the month during which the test is completed; provided however, that all tests completed during the period from December 1 through December 15 shall be reported not later than January 10 of the following year. Failure to file the required tests within the time prescribed above will subject the delinquent wells to cancellation of allowable.

III. SCHEDULE OF TESTS:

(A) ANNUAL DELIVERABILITY TESTS

At least thirty days (30) days prior to the beginning of the test period each gas transportation facility shall to the Commission's Aztec Office (1000 Rio Brazos Road) submit a complete list of wells connected to its system, said wells to be grouped according to the pools in which they are located. All undesignated wells shall be listed separately.

At least 30 days prior to the beginning of the test period the gas transportation facilities receiving gas from wells to be tested shall, in cooperation with respective operators, submit to the Commission's Aztec office a testing schedule for the Annual Deliverability and Shut-in Pressure Tests for all wells connected to their respective pipeline systems which are to be tested during the succeeding two months. Five copies of the schedule shall be furnished to the Commission and one copy shall be furnished to each operator concerned. A similar schedule shall be submitted at least 30 days prior to the beginning of each two-month testing interval. Such schedule shall indicate the pool, operator, lease, well number and location of each well. The gas transportation facility making the schedule of tests shall be notified immediately by any operator unable to take such tests as scheduled.

When an Initial Deliverability Test accomplished in accordance with Section B, Sub-section I, Paragraph (A), Sub-paragraph 1 is to be used as an annual test for wells connected to a gas transportation facility

during the period between February 1, and October 31, then the operator shall notify the Commission in writing during the fourteen day conditioning period for said test.

In the event a well is not tested in accordance with the test schedule, the well shall be re-scheduled for testing, and the Commission shall be notified of such fact in writing during the fourteen day conditioning period for said test.

(3) That the sixth sub-paragraph of Paragraph (B) of Sub-Section I of Section B of Order No. R-333-C & D be and the same is hereby amended to read as follows:

Orifice meter charts shall be changed and so arranged as to reflect upon a single chart the flow data for the gas from each well for the full seven-day deliverability test period; except that no tests shall be voided if satisfactory explanation is made as to the necessity for using test volumes through two chart periods. Corrections shall be made for pressure base, measured flowing temperature, specific gravity, and supercompressibility, provided however, that if the specific gravity of the gas from any well under test is not available, then and in that event an estimated specific gravity may be assumed therefor, based upon that of gas from nearby wells, the specific gravity of which has been actually determined by measurement.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

S E A L

ir/r

INDEX SHEET

ORDERS PERTAINING TO BLANCO-MESAVERDE POOL

	Order No.	Disposition
*(1)	799	Original pool rules. Superseded by R-110. (R-110 is described as an amendment but all of 799 is either repeated therein or changed thereby.)
(2)	R-46	No direct effect on Blanco-Mesaverde; paragraph 5 specifically continued Order No. 799 in effect.
(3)	R-67	Extends the late Largo-Mesaverde Gas Pool (Now part of Blanco-Mesaverde) and established spacing and well location rules for said pool. Said rules no longer in effect due to the consolidation of the pools.
*(4)	R-110	Amends and supersedes Order No. 799 (repeats all of said order making some changes and additions shown underlined in Order No. R-110). Subsequently added to by R-128-C, R-128-D, R-128-E, and R-967. Section 1(c) of R-110 was amended and revised by paragraph 4 of R-397.
(5)	R-128	No effect -- hearing on prorationing continued.
(6)	R-128-A	No effect -- ordered applicants to supply certain information to the Commission.
(7)	R-128-B	No effect -- Nunc pro tunc date for supplying information required by R-128-A.
*(8)	R-128-C	Amends R-110 by adding Section 15; wholly superseded (repeated with changes) by R-128-D.
*(9)	R-128-D	Amended and wholly superseded R-128-C; paragraph 4 of Rule 9 of R-128-D subsequently superseded by R-128-E; Also R-967 supersedes Rule 3, 4, 5, 6, 7, and paragraph 2 of Rule 9 of R-128-D.
*(10)	R-128-E	Revises and adds to paragraph 4 of Rule 9 of R-128-D. Remains in full force and effect.

	Order No.	Disposition
*(11)	R-397	Amends and revises paragraph (c) of Section 1 of Order R-110. Remains in full force and effect.
(12)	R-760	No effect (dismissed case).
(13)	R-901	Ineffective by its own terms.
*(14)	R-967	Supersedes Rule 3, 4, 5, 6, 7, and paragraph 2 of Rule 9 of R-128-D. Remains in full force and effect.
(15)	R-954	No longer of any effect (special exception).
(16)	R-1044	Ineffective by its own terms.
(17)	R-1055	No effect (application denied).
(18)	R-1056	Ineffective by its own terms.
(19)	R-1065	Ineffective by its own terms.
(20)	R-1115	Order no longer in effect by its own terms.
(21)	R-1300	Ineffective by its own terms.
(22)	R-1421	Temporary order. Will still be in effect at date of proposed consolidation.

* KEY ORDERS

DRAFT OF CONSOLIDATED POOL RULES FOR THE BLANCO-MESAVERDE GAS POOL

RULE 1. Any well drilled to the Mesa Verde formation within one mile of the Blanco-Mesaverde Gas Pool and not nearer to nor within the boundaries of another designated Mesaverde pool, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in the Blanco-Mesaverde Gas Pool.

/Substantially what is now in effect by virtue of Section 14 of R-110. Changed the language for purposes of clarity and uniformity. Same form as Rule 1 of R-1193 -- Tapacito Rules./

The special rules and regulations of the Blanco-Mesaverde Gas Pool contained herein shall be limited in their application to the present 4200-5100 foot productive horizon where the productive sands are contained between the top of the Cliff House Sand and the base of the Point Lookout Sand of the Mesaverde.

/Taken from Section 2 of R-110, now in effect./

Acreage Requirements for Drilling and Proration Units.

RULE 2. (a) The standard drilling unit and gas proration unit in the Blanco-Mesaverde Gas Pool shall consist of between 316 and 324 contiguous surface acres, substantially in the form of a rectangle, which shall be a legal subdivision (half section) of the United States Public Land Surveys. Provided, however, that a non-standard gas proration unit may be formed after notice and hearing or under the provisions of paragraph (b) of this rule. Any proration unit containing less than 316 acres or more than 324 acres shall be a non-standard proration unit. For purposes of determining the allowable of non-standard proration units, the acreage factors of such units shall bear the same ratio to the acreage factor of a standard proration unit in the subject pool as the acreage in the non-standard proration unit bears to the acreage in a standard proration unit in the subject pool. Any gas proration unit containing between 316 and 324 acres shall be considered to contain 320 acres for the purpose of computing allowables.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 2 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

(1) The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

(2) The non-standard gas proration unit lies wholly within a single governmental section.

(3) The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

(4) The applicant presents written consent in the form of waivers from:

(a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard unit, and

(b) All operators owning interests in acreage offsetting the non-standard gas proration unit.

(5) In lieu of paragraph (4) of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

/Rule 2 as shown above is taken from Section 15, Rule 1 of R-128-D, now in effect. It is felt that it encompasses the same matters covered in Section 1 (a) and (b), and Section 3 of R-110, now in effect. Therefore, as R-128-D was issued subsequently in time and as the language is more comprehensive and understandable, it is felt that Rule 2 as written above can be included in the proposed rule without change in the effect of existing orders. Further, Section 3 (a) of R-110, now in effect can be omitted, since that sub-section is a quote from 65-3-14 (c) of the New Mexico Statutes and will remain in effect even though not included in this order./

Well Location Requirements

RULE 3. Wells shall be located 990 feet from the outer boundary of either the Northeast or Southwest quarter of the section, subject to a variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

/Taken from Section 1 (c) of R-110 without change./

Well Completion, Operation and Treating

RULE 4. The surface pipe shall be set to a minimum depth of 100 feet, and where shallow potable water-bearing beds are present, the surface pipe shall be set to such shallow potable water-bearing beds and a sufficient amount of cement shall be used to circulate the cement behind the pipe to the bottom of the cellar. This surface casing shall stand cemented for at least 24 hours before drilling plug or initiating tests. The surface casing shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for one hour to constitute satisfactory proof of a water shut-off. In lieu of the foregoing test the cement job shall be tested by building up a pressure of 1,000 psi, closing the valves, and allowing to stand thirty minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory. This test shall be made both before and after drilling the plug. In this regard all fresh waters and waters of present or probable future value for domestic, commercial, or stock purposes shall be confined to their respective strata and shall be adequately protected by methods approved by the Commission. Special precaution shall be taken in drilling and abandoning wells to guard against any loss of artesian potable water from the strata in which it occurs and the contamination of artesian potable water by objectionable water, oil, or gas. The Commission shall be notified at least 24 hours prior to the conducting of any test.

RULE 5. The production string shall be set on top of the Cliff House Sand with a minimum of 100 sacks of cement and shall stand cemented not less than 36 hours before testing the casing. This test shall be made by building up a pressure of 1,000 psi, closing the valves, and allowing to stand thirty minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory.

RULE 6. All cementing shall be done by the pump and plug method. Bailing tests may be used on all casing and cement tests, and drill stem tests may be used on cement tests in lieu of pressure tests. In making bailing test, the well shall be bailed dry and remain approximately dry for thirty minutes. If any string of casing fails while being tested by pressure or by bailing tests herein required, it shall be re-cemented and re-tested or an additional string of casing should be run and cemented. If an additional string is used, the same test shall be made as outlined for the original string. In submitting Form C-101, "Notice of Intention to Drill," the number of sacks of cement to be used on each string of casing shall be stated.

RULE 7. Any completed well which produces any oil shall be tubed. This tubing shall be set as near the bottom of the hole as practicable, but in no case shall tubing perforations be more than 250 feet from the bottom. The bottom of the tubing shall be restricted to an opening of less than 1 inch or bullplugged in order to prevent the loss of pressure bombs or other measuring devices.

RULE 8. Any well which produces oil shall be equipped with a meter setting of adequate size to measure efficiently the gas, with this meter setting to be installed on the gas vent or discharge line. Wellhead equipment for all wells shall be installed and maintained in first-class condition, so that static bottom hole pressures and surface pressures may be obtained at any time by a duly authorized agent of the Commission. Valves shall be installed so that pressures may be readily obtained on the casing and also on the tubing, wherever tubing is installed. All connections subject to well pressure and all wellhead fittings shall be of first-class material, rated at 2,000 psi working pressure and maintained in gas-tight condition. Bradenheads rated at 2,000 psi shall be installed on all production string and bradenhead connections maintained in gas-tight condition. There shall be at least one valve on each bradenhead. Operators shall be responsible for maintaining all equipment in first-class condition and shall repair or replace equipment where gas leakage occurs.

RULE 9. Drilling boilers shall not be set closer than 200 feet to any well or tank battery. All electricall equipment shall be in first-class condition and properly installed.

RULE 10. Wells shall not be shot or chemically treated until the permission of the Commission is obtained. Each well shall be shot or treated in such manner as will not cause injury to the sand or result in water entering the oil or gas sand, and necessary precautions shall be taken to prevent injury to the casing. If shooting or chemical treatment results in irreparable injury to the well or to the oil or gas sand, the well shall be properly plugged and abandoned.

RULE 11. Bradenhead gas shall not be used either directly or expansively in engines, pumps or torches, or otherwise wasted. It may be used for lease and development purposes and for the development of nearby leases, except as prohibited above. Wells shall not be completed as Bradenhead gas wells unless special permission is obtained from the Commission.

/Rule 4 through Rule 11.

Rule 4 -- Taken from Section 4 A of R-110 without change.

Rule 5 -- Taken from Section 4 B of R-110 without change.

Rule 6 -- Taken from Section 4 C of R-110 without change.

Rule 7 -- Taken from Section 5 of R-110 without change.

Rule 8 -- Taken from Section 6 of R-110 without change.

Rule 9 -- Taken from Section 7 of R-110 without change.

Rule 10 - Taken from Section 8 of R-110 with one change. Omitted following phrase: "(See Rule 42, Order No. 4, effective 8-12-35.)" The said Order No. 4 was repealed and rescinded by Order No. 850. It was probably intended that Rule 113 of the Rules and Regulations should supersede the rule as it existed in R-110. However, there is some difference between the two, so the rule should probably remain the same for purposes of consolidation and be changed later if it is desirable.

Rule 11 - Taken from Section 12 of R-110 without change. Same subject covered in Rule 112-B of the Rules and Regulations, but there is sufficient difference so that the rule should remain unchanged for purposes of consolidation.

Rules 4-11, as taken from R-110 have not been amended or superseded by later orders.

The following portions of R-110 have not been specifically amended, rescinded, or superseded by later orders but have been omitted from these proposed pool rules for the reasons enumerated:

(1) Section 4 D. -- Merely states that Commission Rules and Regulations will be applicable to drilling, abandonment, and production which would be true even without so stating to the extent that general rules are not in conflict with special pool rules. Therefore omitted.

(2) Section 9 (all) -- While these rules regarding testing of wells have not been specifically rescinded, they were repealed by implication by R-333. R-333 was superseded by R-333-A, which was superseded by R-333-B, which was superseded by R-333-C and D which is still in effect as amended by R-333-E. R-333 ruled in substance that the Special Rules and Regulations contained therein should govern gas well testing in the San Juan Basin. Further, as a matter of actual practice, the testing of Blanco-Mesaverde wells is now conducted in accordance with the provisions of R-333-C and D as amended by R-333-E. Therefore omitted.

(3) Section 10 -- Merely states that Order No. 4 shall not apply to this pool. Said Order No. 4 was repealed and rescinded by Order No. 850. Therefore, said Section 10 is omitted.

(4) Section 11 -- First sentence is not necessary because covered by Commission Rules and Regulations. Second sentence deals generally with ratable take and proration and its omission will not effect the pool rules.

(5) Section 13 -- It is our opinion that the Commission may grant an exception to any rule after notice and hearing and, therefore, that no rule so stating is necessary. If such a rule is found to be desirable, it could be better written./

Deliverability Test Requirements

RULE 12. The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order No. R-333 C and D as amended by Order No. R-333-E.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order No. R-333-C and D as amended by Order No. R-333-E.

/Taken from R-967, Rule 5 without change except the mention in two places of R-333-E. First found in R-128-C, repeated in R-128-D, then repeated in R-967./

Nominations of Purchasers

RULE 13. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Blanco Mesaverde Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from the pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

/Taken from Rule 2 of R-128-D without change. First appeared in R-128-C./

RULE 14. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

/Taken from Rule 3 of R-967 without change. First appeared in R-128-C, then R-128-D./

Allocation of Gas

RULE 15. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6, provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate under-production, and any under-production accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

/Taken from Rule 3 of R-967 without change. First appeared in R-128-C, then in R-128-D./

RULE 16. The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's AD Factor bears to the total AD Factor for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

Annual deliverability tests shall be used in calculating allowables for each proration period during the year following said tests.

/Taken from Rule 4 of R-128-D without change, except for the last sentence which came from the last paragraph of Rule 9 of R-128-D. Both portions were first found in R-128-C, in the same numbered rules./

Granting of Allowables

RULE 17. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 18. Allowables to newly completed gas wells shall commence:

(a) On the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (1000 Rio Brazos Road, Aztec, New Mexico) by the purchaser, or

(b) The latest filing date of Form C-104, C-110, or the above-described plat, or

(c) A date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D as amended by R-333-E, whichever date is the later.

/Taken from Rule 9 of R-128-D without change. First appeared in Rule 9 of R-128-C./

RULE 19. No well shall be assigned an allowable unless a deliverability test taken in conformance with the provisions of R-333-C and D as amended by R-333-E has been submitted except as provided in Rule 12 of this order.

/Taken from Rule 9 of R-128-D as amended by R-967. Only grammatical changes made. First appeared in R-128-C. Paragraph 3 of Rule 9 of R-128-D has been omitted since it is felt that Rule 19 herein covers the same material./

RULE 20. A change in a well's deliverability due to retest or test after recompletion or workover shall become effective on:

(a) The date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator, or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D, or

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (~~Box 697~~ 1000 Rio Brazos Road, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work; if the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

/Taken from paragraph 4 of Rule 9 of R-128-E without change. Amended R-128-D./

RULE 21. If the acreage assigned to a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Secretary-Director. [The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.] Separate rule

/Taken from paragraph 7 of Rule 3, R-967 with only minor grammatical changes. First appeared in R-128-C which was superseded by R-128-D./

Balancing of Production

RULE 22. The dates 7:00 a.m., February 1, and 7:00 a.m., August 1 shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods for the Blanco-Mesaverde Pool.

/Taken from Rule 5-A of R-967 without change except that a second sentence was omitted since it applied only to the first proration period beginning March 1, 1955./

RULE 23. Under-production: Any non-marginal well which has an under-produced status as of the end of a gas proration period shall be allowed to carry such under-production forward into the next gas proration period and may produce such under-production 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.

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 under-production carried into such period in determining the amount of allowable if any, to be cancelled.

/Taken without change from R-967, amending Rule 6 of R-128-D. First appeared in R-128-C./

RULE 24. Over-production. Any well which has an over-produced status as of the end of a gas proration period, shall carry such over-production forward into the next gas proration period, provided that such over-production shall be made up during such succeeding period. Any well which has not made up the over-production carried into a gas proration period by the end of such gas proration period shall be shut-in until such over-production is made up. If, at any time, a well is over-produced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is over-produced less than 6 times its current monthly allowables.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of the same month shall be applied against the over-production carried into such period in determining the amount of over-production, if any, which has not been made up.

The Commission may allow over-production to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the over-production carried into said proration period.

[Taken without change from R-967, amending Rule 7 of R-128-D]

Classification of Wells

RULE 25. After the production data is available for the last month of the preceding gas proration period, any well which

had an under-produced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

/Taken without change from R-967, amending Rule 3 of R-128-D./

RULE 26. If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

/Taken without change from R-967, amending Rule 3 of R-128-D./

RULE 27. A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the well's producing ability indicates that the well is improperly classified.

/Taken without change from R-967, amending Rule 3 of R-128-D./

RULE 28. The director may reclassify a marginal or non-marginal well at any time the well's production data, deliverability data, or other evidence as to the well's producing ability justify such reclassification.

All wells not classified as marginal wells shall be classified as non-marginal wells.

/Taken without change from R-967, amending Rule 3 of R-128-D./

Reporting of Production

RULE 29. The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 and be postmarked 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 gas produced.

Each purchaser or taker of gas in the Blanco-Mesaverde Gas Pool shall submit a report to the Commission to be postmarked 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 either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are listed on the proration schedule. Forms C-111 and C-114 referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copies being sent to the Commission at 1000 Rio Brazos Road, Aztec, New Mexico, and Box 2045, Hobbs, New Mexico, respectively.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas, provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the well's allowable.

/Taken without change from Rule 10 of R-128-D. First appeared in R-128-C./

General Provisions

RULE 30. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization, it shall be the responsibility of said "taker" to submit a nomination.

RULE 31. No gas, either dry gas or casinghead gas, produced from the Blanco-Mesaverde Gas Pool except that gas used for "drilling-in purposes," shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 32. That in filing Form C-101 "Notice of Intention to Drill or Recomplete" or USGS Form 9-331-a, whichever is applicable, all operators shall comply strictly with the provisions of this order. Accompanying the above form shall be a plat of the acreage contained in the proration unit together with a complete list of all working interest owners designating the acreage they hold within the area dedicated to the well.

RULE 33. That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Director shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 34. That the provisions of Statewide Rule 104 (k) shall not apply to the Blanco-Mesaverde Gas Pool.

RULE 35. That all transporters of gas or users of gas shall file with the Commission connection notices in accordance with the above provisions of Rule 18 (a) as soon as possible after the date of connection.

/Taken without change from R-128-D (Rule 11 through the end of said R-128-D). First appeared in R-128-C./

DRAFT OF CONSOLIDATED POOL RULES FOR BLANCO-MESAVERDE GAS POOL

Findings from Order Nos. 799, R-110, R-128-C, R-128-D, R-128-E, R-397, R-967.

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

/Taken From R-967. Similar jurisdictional findings in all the subject orders except Order No. 799-General./

A. That in order to eliminate waste of natural resources, protect correlative rights, protect potable water supplies, and encourage development in the Blanco (Mesaverde) Gas Pool, San Juan County, New Mexico;

B. That such pool has produced natural gas from the Mesaverde formation for approximately 20 years, the entire gas production being from one well;

C. That by reason of the undeveloped nature of the pool and of the general practices of certain operators, a fairly uniform spacing of one well to each 640 acres has heretofore prevailed throughout the pool;

D. That in view of present evidence and development it is not economically feasible to drill more than two wells to each 640-acre section, and, accordingly, that more dense spacing may be conducive to waste and will unnecessarily increase the cost of development and production;

E. That for wells hereafter drilled, a general spacing pattern of one well on a unit of 320 acres, substantially in the shape of a rectangle, is required to protect the equities of those having interests in wells heretofore drilled on 320- or 640-acre tracts, for which general spacing pattern the pooling of properties should be encouraged when necessary;

F. That gas production and the gas productive area of the pool is likely to be substantially more extensive than the presently developed position thereof;

G. That waste will result in drilling of wells in the pool, unless special rules and regulations are adopted for the prevention thereof;

H. That all evidence indicates that the size, outline, trend, and reservoir conditions of the pool are not exactly known, and substantial revision of all present data may become necessary as development proceeds, necessitating future revision of certain parts of this order;

I. That in view of the very incomplete knowledge of the pool, it is necessary to require all operators to make complete core analysis and other special tests of the Mesaverde formation until the pool is more completely developed; and

J. That, while the Blanco-Mesaverde gas pool has been commercially productive for approximately 20 years, it has not heretofore been subject to cooperative action representative of the common interest of all operators or lease holders within the area, and there are an undetermined number of small landowners or lease-holders whose total holdings are either less than 320 acres or includes portions of 320-acre tracts.

/A through J taken from Order No. 799/

(2) That there is need for a revision of Rule 104, paragraph (b) of the Commission's Rules and Regulations; and for a revision of Commission Orders R-46, R-59, and R-110, pertaining to the spacing of gas wells in gas pools producing from the Pictured Cliffs and Mesaverde formation.

/Taken from R-397./

(2) That, in order to promote a more efficient gas prorationing procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

/Taken from R-967./

(2) That this matter originally came up for hearing on petition of the Blanco Gas Company for an exception to Section 4-A of Order 799, Blanco Pool Casing Requirements, San Juan County, in Case Number 283, which Case Number 283 was dismissed by Commission Order Number R-90.

(3) That evidence submitted and testimony received in Case Number 283 tended to show modification of Order Number 799 is advisable and necessary.

(4) That Order Number 799 relating to the Blanco Pool, in San Juan County, New Mexico, should be amended to provide for the orderly development of the pool as defined and described in Order Number R-89 issued in Case Number 291 and designated as the Blanco (Mesaverde) Pool, and as the pool may hereafter be changed or extended, for the purpose of promoting conservation and preventing waste, and as amended herein, be the special pool rules of the Blanco (Mesaverde) Pool as described in Order Number R-89.

/Taken from Order No. R-110./

(2) That under the date of February 25, 1949 the Commission issued its Order 799 creating the Blanco-Mesaverde Gas Pool. That Order 799 defined the vertical and horizontal limits of the Blanco-Mesaverde Gas Pool, and that by subsequent orders the Commission extended the horizontal limits of the Blanco-Mesaverde Gas Pool.

(3) That under the date of November 9, 1951, the Commission issued Order No. R-110, amending and revising Order 799, to provide for 320-acre proration units, drilling, and pipe cementing procedures, well spacing, and other pertinent rules.

(4) That the producing capacity of the gas wells in the Blanco-Mesaverde Gas Pool is greater than the market demand of gas from the Blanco-Mesaverde Gas Pool.

(5) That for the purpose of preventing waste and for the protection of correlative rights, Order R-110 should be amended to provide a method of allocating gas between proration units in the Blanco-Mesaverde Gas Pool.

/1 through 5 taken from R-128-C./

(2) That there is need for the revision of Order R-128-C due to the revision of Order R-333-B and that this order should contain all of the provisions of Order R-128-C with all applicable changes.

/Taken from R-128-D./

(3) That sufficient evidence has been adduced to indicate the advisability of revising paragraph 4 of Rule 9 of Order R-128-D, and that said Rule should be revised herein.

/Taken from R-128-E. Omitted Finding No. 2 which is inapplicable to Blanco-Mesaverde./

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. 237
ORDER NO. R-46

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR ESTABLISHING
A WELL SPACING PATTERN FOR
EACH OF THE DESIGNATED GAS
POOLS IN THE COUNTIES OF SAN
JUAN AND RIO ARRIBA, STATE OF
NEW MEXICO PRODUCING OR CAPABLE
OF PRODUCING GAS FROM PICTURED
CLIFFS FORMATION, EXCEPT KUTZ
CANYON-FULCHER BASIN, MESAVERDE
FORMATION (EXCEPT BLANCO POOL)
AND ANY OF THE PENNSYLVANIAN
FORMATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on regularly for hearing at 10:00 o'clock A.M., November 21, 1950, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 29 th day of December 1950, the Commission having considered the whole matter including the testimony adduced at said hearing,

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 for purposes of orderly development, protection of correlative rights and the prevention of waste, the following pools in San Juan and Rio Arriba Counties, New Mexico heretofore by the Commission named, defined and classified as gas pools, as the respective boundaries thereof may be changed by extension or otherwise, should be provided with proper spacing pattern and production units;

Aztec (Pictured Cliffs) pool, 160-acre spacing;
Barker Creek, Paradox (Pennsylvanian) pool, 640-acre spacing;
Blanco (Pictured Cliffs) pool, 160-acre spacing;
Gavilan (Pictured Cliffs) pool, 160-acre spacing;
La Plata (Mesaverde) pool, 320-acre spacing;
NW La Plata (Mesaverde) pool, 320-acre spacing;
South La Plata (Mesaverde) pool, 320-acre spacing;
South Kutz Canyon (Pictured Cliffs) pool, 160-acre spacing;
West Kutz Canyon (Pictured Cliffs) pool, 160-acre spacing;
Ute Dome (Paradox) pool, 640-acre spacing.

3. That for La Plata, NW La Plata and South La Plata pools, wells should be orthodox locations on NW/4 and SE/4 of each section in said pools.

4. Under 160-acre spacing for Aztec, Blanco (Pictured Cliffs), Gavilan, South Kutz Canyon and West Kutz Canyon pools, orthodox locations should be required as stated in Rule 104 (or 330' from inner and 660' from outer boundaries of the respective quarter section);

5. For those pools appearing to require 640-acre spacing in Pennsylvanian formation, orthodox locations should be required to be not closer than 330' to center and 1650' from boundary of each section in the Barker Creek (Paradox-Pennsylvanian) and Ute Dome (Paradox-Pennsylvanian) pools.

6. That existing Commission Orders 748 and 815, relating to the Kutz Canyon-Fulcher Basin pool, and Order No. 799 relating to the Blanco pool should be and remain in full effect and undisturbed hereby.

IT IS THEREFORE ORDERED:

1. That for purposes of orderly development, protection of correlative rights, and the prevention of waste, a spacing and production unit patter is hereby provided for each of the following heretofore named, defined and classified pools, as the respective boundaries thereof may from time to time be changed:

POOL	FORMATION	SPACING
Aztec	Pictured Cliffs	160-acre
Barker Creek	Paradox-Pennsylvanian	640-acre
Blanco	Pictured Cliffs	160-acre
Gavilan	Pictured Cliffs	160-acre
La Plata	Mesaverde	320-acre
NW La Plata	Mesaverde	320-acre
South La Plata	Mesaverde	320-acre
South Kutz Canyon	Pictured Cliffs	160-acre
West Kutz Canyon	Pictured Cliffs	160-acre
Ute Dome	Paradox	640-acre

2. That orthodox locations shall be in the approximate center of the NW/4 and SE/4 of each section within the confines of La Plata, Northwest La Plata, and South La Plata pools, under 320 acre spacing for Mesaverde production.

3. That orthodox locations shall be as in Rule 104 (or 330' from inner and 660' from outer boundaries of the respective quarter section) within the boundaries of the Aztec, Blanco, Gavilan, South Kutz Canyon and West Kutz Canyon pools for 160-acre spacing for Pictured Cliffs production.

4. That orthodox locations shall be not closer than 330' to center of the respective sections and 1650' from boundaries within the boundaries of Barker Creek and Ute Dome pools for 640-acre spacing for Paradox-Pennsylvanian production.

5. That Orders Nos. 748, 815, relative to Kutz Canyon-Fulcher Basin Pool, and 799, relating to Blanco Mesaverde, shall remain in full force and effect.

6. That wells now drilled or drilling are excepted.

IT IS FURTHER ORDERED:

1. That for the purpose of preventing inequities and impairment of correlative rights the Commission upon its own motion or upon its own motion or upon application of any interested person, after notice and hearing grant exceptions in proper cases.

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

State of New Mexico
Oil Conservation Commission

Thomas J. Mabry, Chairman

Guy Shepard, Member

R. R. Spurrier, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO FOR THE PURPOSE
OF CONSIDERING:

CASE NO. 262
ORDER NO. R-67

IN THE MATTER OF THE APPLICATION OF
BYRD-FROST, INC. FOR DESIGNATION AND
SPACING RULES FOR A MESAVERDE GAS POOL
TO BE KNOWN AS LARGO-MESAVERDE GAS POOL
IN RIO ARRIBA AND SAN JUAN COUNTIES, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION

This matter came on for hearing at Santa Fe, New Mexico at 10:00 o'clock on March 20, 1951, and the Commission having heard the testimony adduced and reviewed the pertinent office records.

FINDS:

1. That due notice having been given in compliance with law, the Commission has jurisdiction of the interested parties and the subject matter hereof.

2. That heretofore on March 21, 1950, upon the recommendation of the then functioning Northwestern New Mexico Nomenclature Committee, there was, by Commission Order No. 214, duly established a pool classified as a gas pool designated as the Large (Mesaverde) pool described as:

T. 28 N. R. 8 W
Sections 33 and 34

T. 27 N. R. 8 W
Sections 3 and 4

3. That testimony adduced at the hearing, upon Byrd-Frost, Inc.'s application in this case, shows that within the confines of the proposed extension of boundaries, and since the establishment of such Largo (Mesaverde) pool, producing wells have been completed in:

T. 29 N. R. 8 W
SW/4 Section 17 (Billie D. Day)

NE/4 section 22 (H.E. Roeloffs No. 1)

T. 28 N. R. 7 W
NE/4 section 33

all producing from Cliff House and/or Point Lookout in the Mesaverde formation.

4. That applicant testimony is that it is presently completing

T. 29 N, R. 8 W
SW/4 section 19 (J. F. Huges No. 1), in the Mesaverde formation, and have made locations, with entire confidence of encountering Mesaverde production, as follows:

T. 28 N, R. 8 W
NE/4 section 17, and
SW/4 section 16

IT IS THEREFORE ORDERED: That the boundaries of the Largo pool, heretofore created by Order No. 214, effective April 27, 1950, be and the same hereby are extended to include not only its original boundaries of:

T. 28 N, R. 8 W
Sections 33 and 34

T. 27 N, R. 8 W
Sections 3 and 4,

but in addition thereto, the following lands:

T. 29 N, R. 8 W
Sections 1 to 36, inclusive

T. 29 N, R. 7 W
Sections 28, 29, 30, 31, 32, and 33

T. 28 N, R. 7 W
Short sections 7, 8, 9, and 10
Sections 15, 16, 17, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31, 32, 33, and 34

T. 28 N, R. 8 W
Short sections 7, 8, 9, 10, 11, 12
Sections 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 26, 27, and 28, 35 and 36

IT IS THEREFORE ORDERED: That the spacing pattern for the pool as hereby established be and the same hereby is fixed as 320 acres for Mesaverde production, and with orthodox locations in the centers of the respective northeast quarters and the southwest quarters of each included section, with a 200- foot tolerance. Unorthodox locations may be authorized after notice of hearing, upon proper applications duly filed with the Commission, and

IT IS FURTHER ORDERED: That jurisdiction of this case be retained by the Commission for the purpose of changing by reducing or extending the designated area and for other pertinent purposes as facts may be further disclosed by exploration and development.

DONE AT Santa Fe, New Mexico, this 20th day of April, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, MEMBER

R. R. SPURRIER, Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 330
Order No. R-128-B

THE APPLICATION OF STANOLIND OIL AND GAS COMPANY FOR THE AMENDMENT OF ORDER R-110 RELATING TO THE BLANCO-MESAVERDE POOL, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order No. R-128-A heretofore entered in this cause is not a correct memorial of the judgment as rendered and announced by the Commission under date of November 10, 1953, by reason of clerical error, in that the order read as follows:

"It Is Therefore Ordered:

(1) That the applicant, Stanolind Oil and Gas Company, Southern Union Gas Company, Southern Union Gathering Company, and El Paso Natural Gas Company, or either or all of them, on or before December 1, 1954, provide the Commission with a true copy of each and all agreements negotiated between the purchasing companies represented as beginning September 1, 1953, and designed to provide equitable withdrawal of gas from all wells in the Blanco-Mesaverde Pool."

when it should have read as shown below:

"It Is Therefore Ordered:

(1) That the applicant, Stanolind Oil and Gas Company, Southern Union Gas Company, Southern Union Gathering Company, and El Paso Natural Gas Company, or either or all of them, on or before February 1, 1954, provide the Commission with a true copy of each and all agreements negotiated between the purchasing companies represented as beginning September 1, 1953, and designed to provide equitable withdrawal of gas from all wells in the Blanco-Mesaverde Pool."

IT IS THEREFORE ORDERED:

That Order R-128-A heretofore entered by this Commission in the above-entitled cause on November 10, 1953, be and the same hereby is corrected to conform

to the actual judgment as rendered by the Commission by correcting and modifying above-stated Section (1) of the order portion to show the date of February 1, 1954, instead of December 1, 1954, and said Order R-128-A in all other respects is hereby ratified and confirmed; and

IT IS FURTHER ORDERED: That this order correcting the record of said order be entered nunc pro tunc as of the 10th day of November, 1953, that being the date when said Order R-128-A was originally made and entered.

DONE this 17th day of December, 1953, at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 1002
Order No. R-760

IN THE MATTER OF THE APPLICATION OF THE OIL CONSERVATION COMMISSION OF NEW MEXICO, UPON ITS OWN MOTION FOR AN ORDER REVISING THE PROVISIONS OF RULE 1 (a) OF SECTION 15 "GAS PRORATION AND ALLOCATION" OF THE SPECIAL RULES AND REGULATIONS FOR THE BLANCO-MESAVERDE GAS POOL, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO AS SET FORTH IN ORDER NO. R-128-D.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 19, 1956 and again on February 15, 1956 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 14th., day of March 1956, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That an appearance was made in this case on the aforementioned date by the Commission through its attorney who moved that the case be dismissed.

(3) That the case should therefore be dismissed.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission of New Mexico upon its own motion for an order revising the provisions of

Rule 1 (a) of Section 15 of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, San Juan and Rio Arriba Counties, New Mexico, as set forth in Order R-128-D, be and the same is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1124
Order No. R-901

APPLICATION OF PACIFIC NORTHWEST
PIPELINE CORPORATION FOR AN ORDER
EXTENDING THE TIME LIMITS SET FOR
MAKING DELIVERABILITY TESTS FOR
APPROXIMATELY 125 GAS WELLS IN THE
BLANCO-MESAVERDE GAS POOL LOCATED
IN SAN JUAN AND RIO ARRIBA COUNTIES,
NEW MEXICO AS REQUIRED BY ORDER R-333-C
AND D, AND FOR THE ASSIGNMENT OF
ALLOWABLES TO SAID WELLS IN EXCEPTION
TO ORDER R-128-D.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on August 8, 1956, at Aztec, New Mexico, before Warren W. Mankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26th day of October, 1956, the Commission, a quorum being present, having considered the application, the evidence adduced, the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, by the evidence adduced, has shown the need and justification for granting exceptions to Section B, Sub-Section I, Paragraph A, and Section B, Sub-Section I, Paragraph B of Order R-333-C and D, as well as Rules 5 and 9 of Order R-128-D insofar as these rules apply to the period of time in which deliverability tests shall be accomplished and the sequence in the testing procedure where the 7-day shut-in pressure shall be measured when accomplishing annual deliverability tests.

IT IS THEREFORE ORDERED:

1. That the applicant shall be exempt from provisions of Section B, Sub-Section I, Paragraph A, Part 1, of Order R-333-C and D and may accomplish deliverability tests on newly connected wells required thereby at any time during the year 1956.

2. That the applicant shall be exempt from the provisions of Section B, Sub-Section I, Paragraph B, fourth subparagraph of Order R-333-C and D, to allow the applicant to use the 7-day shut-in pressure taken in the process of completing the wells for calculating the deliverability of the wells. This exception shall be applicable for all wells connected to the applicant's transportation facility during the year 1956.

3. That the deliverability tests accomplished by using the exceptions provided for in paragraphs 1 and 2 above will be accepted by the Commission as annual 1956 deliverability tests.

4. That the deliverability tests required in Rule 5 of Order 128-D may be accomplished as provided for in paragraphs 1 and 2 above.

5. That all wells connected to the applicant's transportation facilities during the year 1956 to be excepted from the provisions of Paragraph (c) of Rule 9, Order R-128-D.

6. That the allowable for all wells connected to the applicant's transportation facilities prior to 7:00 o'clock a.m. November 1, 1956 shall commence as of that time, or at such time as the requirements of Paragraph (b) of Rule 9, Order R-128-D have been met; whichever date is later.

7. That the allowable for all wells connected to the applicant's transportation facilities after 7:00 o'clock a.m. November 1, 1956 and before January 1, 1957 shall commence as provided in Paragraph (a) and (b) of Rule 9, Order R-128-D.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 1201
Order No. R-954

APPLICATION OF PACIFIC NORTHWEST PIPELINE CORPORATION FOR AN ORDER EXCEPTING CERTAIN WELLS IN THE BLANCO-MESAVERDE GAS POOL, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO FROM THE REQUIREMENT OF ANNUAL DELIVERABILITY TESTS FOR 1956 IN EXCEPTION TO ORDER R-333-C AND D; OR IN THE ALTERNATIVE TO EXTEND THE PROVISIONS OF ORDER 901 TO MARCH 1, 1957.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock a.m. on January 24, 1957 at Aztec, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26th. day of February, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Warren W. Mankin, 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 case and the subject matter thereof.

(2) That the applicant has shown, by the evidence submitted, the need and justification for exceptions to Section A, Sub-section II, and Section A, Sub-section III, Part (A) paragraph 3 of Order R-333-C and D, insofar as these rules apply to the requirements of annual deliverability tests for the year 1956.

(3) That the exception should be applicable to all wells connected to Pacific Northwest Pipeline Corporation's gas transmission system during 1956.

IT IS THEREFORE ORDERED:

1. That the application of Pacific Northwest Pipeline Corporation to exempt the sixty-seven (67) wells which were connected to its transportation facilities prior to November 1, 1956, from the requirement of an annual deliverability test for 1956 as provided for in Section A, Sub-section II and Section A, Sub-section III Part (A), paragraph 3 of Order R-333-C and D, be and the same is hereby granted.

2. That initial deliverability tests must be filed in accordance with Section A, Sub-section I, Part (A) of Order R-333-C and D for all wells which did not have an annual deliverability test in 1956.

3. That initial deliverability tests filed in accordance with Paragraph (2) above shall be accepted by the Commission for proration purposes in lieu of the annual tests, provided such tests were made before January 1, 1957.

4. That all wells tested in accordance with paragraph (2) above shall be assigned allowables in accordance with New Mexico Oil Conservation Commission Order R-901.

5. That the 67 wells which the applicant states were connected prior to November 1, 1956 shall have their 1957 annual tests become effective for assigning allowables on the first day of the month following the reporting of such test.

6. That the applicant shall furnish to the Commission's Santa Fe and Aztec Offices within 30 days after date of this order, a list of the 67 wells which were connected before November 1, 1956.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

S E A L

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

Consolidated (CASE NO. 1295
(CASE NO. 1296
Order No. R-1044

APPLICATION OF SOUTHERN UNION GAS
COMPANY AND SOUTHERN UNION GATHERING
COMPANY FOR THE SUSPENSION FOR A
PERIOD OF NOT LESS THAN SIX MONTHS
OF THE CANCELLATION OF UNDERPRODUCTION
IN THE SIX PRORATED GAS POOLS IN SAN
JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS OWN
MOTION FOR THE SUSPENSION FOR A PERIOD
OF NOT LESS THAN SIX MONTHS OF THE OVERAGE
SHUT-IN PROVISIONS OF THE SPECIAL RULES
AND REGULATIONS FOR THE SIX PRORATED GAS
POOLS IN SAN JUAN AND RIO ARRIBA COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 15, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of September, 1957, the Commission, a quorum being present, having considered the testimony and the evidence adduced, 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 Cases 1295 and 1296 were consolidated for purposes of hearing and order by agreement between all the interested parties therein.

(3) That there are a great number of wells to which Southern Union Gas Company and Southern Union Gathering Company are connected in the Aztec-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, West Kutz-Pictured Cliffs, South Blanco-Pictured Cliffs, Ballard-Pictured Cliffs, and the Blanco Mesaverde Gas Pools in San Juan and Rio Arriba Counties,

New Mexico, which wells have accumulated large volumes of gas allowables which have remained unproduced and are subject to cancellation as of August 1, 1957.

(4) That the accumulation of underproduction has been due to the rapid increase in the number of gas wells on acreage under contract to Southern Union Gas Company and Southern Union Gathering Company and the increased demand for gas by the other pipelines in the affected pools.

(5) That Southern Union Gas Company and Southern Union Gathering Company have made application to the Federal Power Commission for authority to sell large volumes of gas to another pipeline in the area which authority, if granted, will enable Southern Union Gas Company and Southern Union Gathering Company to produce all or a large portion of the accumulated underproduction which is presently subject to cancellation.

(6) That unless the cancellation of underproduction is suspended the affected operators will be denied the opportunity to produce their fair share of the gas reserves in the aforementioned prorated gas pools.

(7) That all other operators in said gas pool should have the same opportunity to produce their accumulated underproduction which is subject to cancellation August 1, 1957.

(8) That the overage shut-in provisions of the Special Rules and Regulations for each of the above-named prorated gas pools, should also be suspended in order to enable the affected gas transporters to supply the market demand for gas from said pools; provided however, that any well which is overproduced an amount equaling six times its monthly allowable should be shut in during that month and each succeeding month until the well is overproduced less than six times its current monthly allowable.

(9) That the period of suspension should terminate January 31, 1958.

IT IS THEREFORE ORDERED:

(1) That the provisions of Rules 6 and 7 of Order R-128-D and Rules 11 and 12 of Orders R-565-C, R-566-D and R-846, be and the same are hereby suspended for a period of six months, commencing August 1, 1957, and ending January 31, 1958; provided however, that any well which is overproduced an amount equaling six times its monthly allowable shall be shut in during that month and each succeeding month until the well is overproduced less than six times its current monthly allowable.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman
MURRAY E. MORGAN, Member
A. L. PORTER, Jr., Member & Secretary

S E A L
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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1272
Order No. R-1055

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR THE TRANSFER AND/OR
NON-CANCELLATION AND REINSTATEMENT
OF ALLOWABLES FOR WELLS PREVIOUSLY
INVOLVED IN MAXIMUM PRESSURE BUILD-UP
TESTS IN THE BLANCO MESAVERDE AND
BALLARD-PICTURED CLIFFS GAS POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on June 25, 1957, at Farmington, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of September, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner Warren W. Mankin, 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, El Paso Natural Gas Company, commenced maximum pressure build-up tests on the following named wells in the years 1955 and 1956:

WELL NAME	LOCATION OF WELLS			
Fields No. 1 Well	N/2	25 - 32	North	11 West
Jacques Pool Unit No. 1 Well	S/2	26 - 31	North	9 West
Mansfield No. 4 Well	E/2	29 - 30	North	9 West
Mudge No. 5 Well	W/2	3 - 31	North	11 West
Pierce Federal No. 1 Well	W/2	17 - 30	North	9 West
Hargraves No. 2 Well	SE/4	9 - 27	North	10 West
Fields No. 5 Well	W/2	28 - 32	North	11 West
Grambling No. 3 Well	W/2	22 - 29	North	9 West

WELL NAME (Continued)	LOCATION OF WELLS			
Howell "D" No. 2 Well	W/2	29 - 31	North	8 West
Howell "E" No. 2 Well	E/2	14 - 30	North	8 West
Prichard No. 2-1 Well	E/2	34 - 31	North	9 West
San Juan 30-6 Wilson No. 6 Well	W/2	35 - 30	North	7 West
Zachary No. 1 Well	S/2	25 - 31	North	11 West
Lindsay "A" No. 1 Well	E/2	19 - 30	North	8 West
Day "A" No. 4 Well	W/2	8 - 29	North	8 West
Ballard No. 2-14	NW/4	14 - 26	North	9 West

(3) That all the above-described tests have been completed.

(4) That El Paso Natural Gas Company by this application seeks an order of the Commission reinstating certain underage which was cancelled on six of the aforementioned wells on February 1, 1957 and further, authorizing the non-cancellation of underage accrued to all of the aforementioned wells until February 1, 1958, and further, authorizing the transfer of the allowables accrued to said wells to other wells on the same basic lease.

(5) That the reinstatement of underage which has been cancelled and redistributed in accordance with the applicable pool rules would be unfair to the other operators in the pool in that it would reduce the amount of gas which each of said operators would be permitted to produce from a common source of supply.

(6) That it is not necessary to specifically authorize the non-cancellation of underage presently accrued to the aforementioned wells since the Commission has by Order No. R-1044 suspended the cancellation of underage in all the pools affected by this application until February 1, 1958.

(7) That the transfer of the allowables accrued to the aforementioned wells should not be authorized since all of the tests have already been completed and all of said wells are back on production.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company for the reinstatement of cancelled underage and for the transfer and/or non-cancellation of allowables for the following named wells which have been previously involved in maximum pressure build-up tests in the Blanco Mesaverde and Ballard-Pictured Cliffs Gas Pools, be and the same is hereby denied:

WELL NAME	LOCATION OF WELLS			
Fields No. 1 Well	N/2	25 - 32	North	11 West
Jacques Pool Unit No. 1 Well	S/2	26 - 31	North	9 West
Mansfield No. 4 Well	E/2	29 - 30	North	9 West
Mudge No. 5 Well	W/2	3 - 31	North	11 West
Pierce Federal No. 1 Well	W/2	17 - 30	North	9 West

WELL NAME (Continued)	LOCATION OF WELLS			
Hargraves No. 2 Well	SE/4	9 - 27 North	10 West
Fields No. 5 Well	W/2	28 - 32 North	11 West
Grambling No. 3 Well	W/2	22 - 29 North	9 West
Howell "D" No. 2 Well	W/2	29 - 31 North	8 West
Howell "E" No. 2 Well	E/2	14 - 30 North	8 West
Prichard No. 2-1 Well	E/2	34 - 31 North	9 West
San Juan 30-6 Wilson No. 6 Well	W/2	35 - 30 North	7 West
Zachary No. 1 Well	S/2	25 - 31 North	11 West
Lindsay "A" No. 1 Well	E/2	19 - 30 North	8 West
Day "A" No. 4 Well	W/2	8 - 29 North	8 West
Ballard No. 2-14	NW/4	14 - 26 North	9 West

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1271
Order No. R-1056

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN ORDER AUTHORIZING THE
NON-CANCELLATION AND/OR TRANSFER OF
ALLOWABLE FOR A WELL CURRENTLY INVOLVED
IN A MAXIMUM PRESSURE BUILD-UP TEST IN
THE BLANCO MESAVERDE GAS POOL IN SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on June 25, 1957, at Farmington, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of September, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner Warren W. Mankin, 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 case and the subject matter thereof.

(2) That the applicant, El Paso Natural Gas Company commenced a maximum pressure build-up test on June 8, 1956 on its Sunray No. 2-A Well located in the NE/4 of Section 10, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, which test is still in progress.

(3) That El Paso Natural Gas Company by this application seeks an order of the Commission authorizing the non-cancellation of allowables presently accrued and hereafter accruing to the said Sunray No. 2-A Well during the test period, until the end of the proration period following the proration period during which the test is completed, and further, authorizing the transfer of said allowables to other wells on the same basic lease.

(4) That the applicant's request for non-cancellation allowables should be granted since the aforementioned test will furnish valuable reservoir information on the Blanco Mesaverde Gas Pool.

(5) That it is not possible to authorize a transfer of allowables in this case since there are no other wells on the same basic lease.

(6) That El Paso Natural Gas Company should report to the Commission the results of the maximum pressure build-up test on its said Sunray No. 2-A Well within a reasonable time after the test is completed.

IT IS THEREFORE ORDERED:

That the application of El Paso Natural Gas Company for the non-cancellation of allowables presently accrued and hereafter accruing to its Sunray No. 2-A Well, located in the NE/4 of Section 10, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, during the maximum pressure build-up test period, until the end of the proration period following the proration period during which the test on said well is completed, be and the same is hereby approved, provided a report of the results of the maximum pressure build-up test is submitted to the Commission by El Paso Natural Gas Company within a reasonable time after said test is completed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1270
Order No. R-1065

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN ORDER AUTHORIZING
MAXIMUM PRESSURE BUILD-UP TESTS
AND FOR THE NON-CANCELLATION AND/OR
TRANSFER OF ALLOWABLES FOR WELLS
INVOLVED IN SUCH TESTING PROGRAM
IN CERTAIN GAS POOLS IN SAN JUAN
AND RIO ARRIBA COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m., on June 25, 1957, at Farmington, New Mexico, before Warren W. Mankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd day of October, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Warren W. Mankin, 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, El Paso Natural Gas Company, seeks an order approving maximum pressure build-up tests on 26 gas wells in the Blanco Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, and the South Blanco-Pictured Cliffs Gas Pools in San Juan and Rio Arriba Counties, New Mexico, and further authorizing the non-cancellation and/or transfer of allowables for said wells and for administrative approval for the substitution of other wells for those authorized by this order.

(3) That there is a need for the reservoir information that the proposed maximum pressure build-up tests would provide.

(4) That the proposed tests would not cause waste nor violate correlative rights.

(5) That the proposed tests should be authorized.

(6) That all shut-in wells should be excepted from the requirements of Order R-333-C and D during the time that maximum pressure build-up tests are being conducted.

(7) That any shut-in well which has not been assigned an allowable prior to the effective date of this order should be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

(8) That the applicant should be permitted to transfer the allowable which accrues to the shut-in well during the test to certain other wells on the same basic lease; and further, that any such allowable which is not so transferred should be considered to have accrued on the date the test is completed.

(9) That the underage and overage balancing provisions of Rules 6 and 7 of Order R-128-D, Rules 11 and 12 of Order R-565-C and R-846, as all of said rules are amended by Order R-967, should be suspended for all affected shut-in and transfer wells until the end of the six-month proration period following the proration period during which the test is completed.

IT IS THEREFORE ORDERED:

1. That authority be and the same is hereby granted to conduct maximum pressure build-up tests on the wells hereinafter designated as a "shut-in well" and to transfer any allowables accruing to said wells during the tests to one or more of the wells designated as a "Transfer Well" for the same test, subject to the provisions of Paragraph 2 of this order.

BLANCO MESAVERDE GAS POOL

TEST MVBU #1

SHUT-IN WELL	TRANSFER WELL
El Paso-Atlantic No. A-5 Unit L, S 26 T31N R 10W	El Paso -Atlantic No. 1-A Unit H, S 27 T31N R10W
	El Paso - Atlantic No. 9-A Unit N, S 27 T31N R10W

TEST MVBU #2

El Paso - Atlantic No. A-8 Unit A, S 29 T31N R10W	El Paso - Atlantic No. 7-A Unit K, S 29 T31N R 10W

	TEST MVBU #3	
El Paso - Barnes No. 7 Unit K, S 23 T32N R11W		None
	TEST MVBU #4	
El Paso - Barrett No. 2 Unit B, S 19 T31N R9W		El Paso-Barrett No. 3 Unit K, S 20 T31N R9W El Paso - Barrett No. 4 Unit A, S 20 T31N R9W
	TEST MVBU #5	
El Paso - Case No. 2 Unit M, S 8 T31N R11W		El Paso - Case No. 1 Unit N, S 5 T31N R11W El Paso - Case No. 4 Unit O, S 18 T31N R11W El Paso - Case No. 3 Unit M, S 17 T31N R11W
	TEST MVBU #6	
El Paso - Gartner No. 2 Unit G, S 28 T30N R 8W		El Paso - Gartner No. 1 Unit N, S 28 T30N R8W El Paso - Gartner No. 5 Unit M, S 27 T30N R8W El Paso - Gartner No. 4 Unit H, S 33 T30N R8W
	TEST MVBU #7	
El Paso - Howell No. A-3 Unit M, S 4 T30N R8W		El Paso - Howell No. 2-A Unit N, S 5 T30N R8W El Paso - Howell No. 1-A Unit G, S 8 T30N R8W El Paso - Howell No. 1-J Unit L, S 3 T30N R8W

TEST MVBU #8

El Paso - Hughes No. 1
Unit M, S 19 T29N R8W

El Paso - Hughes No. 2
Unit A, S 19 T29N R8W

El Paso - Hughes No. 4
Unit M, S 20 T29N R8W

El Paso - Hughes No. 7
Unit M, S 29 T29N R8W

TEST MVBU #9

El Paso - Hughes No. A-3
Unit M, S 27 T29N R8W

El Paso - Hughes No. 5-A
Unit H. S 28 T29N R8W

El Paso - Hughes No. 2-A
Unit B, S 27 T29N R8W

El Paso - Hughes No. 1-A
Unit A, S 33 T29N R8W

El Paso - Hughes No. 4-A
Unit A, S 34 T29N R8W

TEST MVBU #10

El Paso - Jones A No. 4
Unit B, S 13 T28N R8W

El Paso - Jones No. 6-A
Unit H, S 14 T28N R8W

El Paso - Jones No. 5-A
Unit K, S 13 T28N R8W

TEST MVBU #11

El Paso - Lucerne A No. 2
Unit B, S 9 T31N R10W

El Paso - Lucerne No. 3-A
Unit M, S 3 T31N R10W

El Paso - Lucerne No. 4-A
Unit H, S 10 T31N R10W

TEST MVBU #12

El Paso - (SJU 30-6) McElvain No. A-1
Unit A, S 23 T30N R7W

El Paso - McElvain No. 2-A
Unit K, S 23 T30N R7W

TEST MVBU #8

El Paso - Hughes No. 1
Unit M, S 19 T29N R8W

El Paso - Hughes No. 2
Unit A, S 19 T29N R8W

El Paso - Hughes No. 4
Unit M, S 20 T29N R8W

El Paso - Hughes No. 7
Unit M, S 29 T29N R8W

TEST MVBU #9

El Paso - Hughes No. A-3
Unit M, S 27 T29N R8W

El Paso - Hughes No. 5-A
Unit H. S 28 T29N R8W

El Paso - Hughes No. 2-A
Unit B, S 27 T29N R8W

El Paso - Hughes No. 1-A
Unit A, S 33 T29N R8W

El Paso - Hughes No. 4-A
Unit A, S 34 T29N R8W

TEST MVBU #10

El Paso - Jones A No. 4
Unit B, S 13 T28N R8W

El Paso - Jones No. 6-A
Unit H, S 14 T28N R8W

El Paso - Jones No. 5-A
Unit K, S 13 T28N R8W

TEST MVBU #11

El Paso - Lucerne A No. 2
Unit B, S 9 T31N R10W

El Paso - Lucerne No. 3-A
Unit M, S 3 T31N R10W

El Paso - Lucerne No. 4-A
Unit H, S 10 T31N R10W

TEST MVBU #12

El Paso - (SJU 30-6) McElvain No. A-1
Unit A, S 23 T30N R7W

El Paso - McElvain No. 2-A
Unit K, S 23 T30N R7W

TEST MVBU #3	
El Paso - Barnes No. 7 Unit K, S 23 T32N R11W	None
TEST MVBU #4	
El Paso - Barrett No. 2 Unit B, S 19 T31N R9W	El Paso-Barrett No. 3 Unit K, S 20 T31N R9W El Paso - Barrett No. 4 Unit A, S 20 T31N R9W
TEST MVBU #5	
El Paso - Case No. 2 Unit M, S 8 T31N R11W	El Paso - Case No. 1 Unit N, S 5 T31N R11W El Paso - Case No. 4 Unit O, S 18 T31N R11W El Paso - Case No. 3 Unit M, S 17 T31N R11W
TEST MVBU #6	
El Paso - Gartner No. 2 Unit G, S 28 T30N R 8W	El Paso - Gartner No. 1 Unit N, S 28 T30N R8W El Paso - Gartner No. 5 Unit M, S 27 T30N R8W El Paso - Gartner No. 4 Unit H, S 33 T30N R8W
TEST MVBU #7	
El Paso - Howell No. A-3 Unit M, S 4 T30N R8W	El Paso - Howell No. 2-A Unit N, S 5 T30N R8W El Paso - Howell No. 1-A Unit G, S 8 T30N R8W El Paso - Howell No. 1-J Unit L, S 3 T30N R8W

El Paso - McElvain No. 3-A
Unit H, S 24 T30N R7W

El Paso - McElvain No. 4-A
Unit K, S 24 T30N R 7W

El Paso - McElvain No. 5-A
Unit A, S 25 T30N R7W

TEST MVBU #13

El Paso - Mudge No. 6
Unit M, S 11 T31N R11W

None

TEST MVBU #14

El Paso - Riddle No. 2
Unit L, S 3 T30N R9W

El Paso - Riddle No. 1
Unit D, S 4 T30N R9W

TEST MVBU #15

El Paso - SJU 28-6 No. 30
Unit A, S 28 T28N R6W

El Paso - SJU 28-6 No. 60
Unit B, S 21 T28N R6W

El Paso - SJU 28-6 No. 61
Unit M, S 21 T 28N R6W

El Paso - SJU 28-6 No. 63
Unit L, S 22 T28N R6W

El Paso - SJU 28-6 No. 31
Unit M, S 28 T28N R6W

El Paso - SJU 28-6 No. 9
Unit M, S 27 T28N R6W

El Paso - SJU 28-6 No. 32
Unit A, S 33 T28N R6W

TEST MVBU #16

El Paso - SJU 28-6 No. 37
Unit K, S 6 T27N R 6W

El Paso - SJU 28-7 No. 34
Unit H, S 1 T27N R7W

El Paso - SJU 28-7 No. 35
Unit L, S 1 T27N R7W

	El Paso - SJU 28-6 No. 36 Unit B, S 6 T27N R6W
	El Paso - SJU 28-6 No. 39 Unit N, S 5 T27N R6W
	El Paso - SJU 28-6 No. 43 Unit A, S 7 T27N R6W
	El Paso - SJU 28-6 No. 54 Unit N, S 7 T27N R6W
TEST MVBU #17	
El Paso - SJU 28-7 No. 56 Unit M, S 13 T28N R7W	El Paso - SJU 28-7 No. 9 Unit M, S 14 T28N R7W
	El Paso - SJU 28-7 No. 50 Unit A, S 23 T28N R7W
	El Paso - SJU 28-7 No. 51 Unit B, S 24 T28N R7W
TEST MVBU #18	
El Paso - Schwerdtfeger No. 2 Unit G, S 27 T31N R9W	None
TEST MVBU #19	
El Paso - Vanderwart No. 5-A Unit H, S 14 T29N R8W	El Paso - Vanderwart No. 1-A Unit A, S 11 T29N R8W
	El Paso - Vanderwart No. 2-A Unit K, S 11 T29N R8W
	El Paso - Vanderwart No. 3-A Unit M, S 13 T29N R8W
AZTEC-PICTURED CLIFFS POOL TEST PCBU #20	
El Paso - Morris No. A-6 Unit L, S 21-T30N R11W	None
BALLARD-PICTURED CLIFFS POOL TEST PCBU #21	

El Paso - McManus No. 10
Unit A, S 4 T25N R8W

El Paso - McManus No. 9
Unit M, S 33 T26N R8W

El Paso - McManus No. 3
Unit J, S 33 T26N R8W

El Paso - McManus No. 13
Unit N, S 4 T25N R8W

El Paso - McManus No. 2
Unit C, S 4 T25N R8W

TEST PCBU #22

El Paso - Quitzau No. 9
Unit M, S 11 T25N R8W

El Paso - Quitzau No. 6
Unit A, S 10 T25N R8W

El Paso - Quitzau No. 10
Unit P, S 10 T25N R8W

El Paso - Quitzau No. 2
Unit F, S 11 T25N R8W

El Paso - Quitzau No. 3
Unit P, S 11 T25N R8W

El Paso - Quitzau No. 8
Unit A, S 11 T25N R8W

TEST PCBU #23

El Paso - Wilson A-1
Unit D, S 32 T26N R8W

El Paso - Wilson 2-A
Unit K, S 32 T26N R8W

FULCHER KUTZ-PICTURED CLIFFS POOL
TEST PCBU #24

El Paso - Omler No. 8
Unit M, S 25 T28N R10W

El Paso - Omler No. 6
Unit B, S 25 T28N R10W

El Paso - Omler No. 7
Unit C, S 25 T28N R10W

El Paso - Omler No. 5
Unit O, S 25 T28N R10W

El Paso -Omler No. 4
Unit B S 36 T28N R10W

El Paso - Omler No.2
Unit E, S 36 T28N R10W

TEST PCBU #25

El Paso - Rowley No. 4
Unit E, S 17 T27N R10W

El Paso - Rowley No. 2
Unit L, S 8 T27N R10W

El Paso - Rowley No. 3
Unit I, S 7 T27N R10W

El Paso - Rowley No. 5
Unit K, S 17 T27N R10W

El Paso - Rowley No. 6
Unit I, S 18 T27N R10W

El Paso - Pipkin No. 4
Unit A, S 18 T27N R10W

SOUTH BLANCO-PICTURED CLIFFS POOL
TEST PCBU #26

El Paso - Rincon No. 40
Unit H, S 26 T27N R7W

El Paso - Rincon Unit No. 22
Unit K, S 23 T27N R 7W

El Paso - Rincon Unit No. 37
Unit K, S 26 T27N R7W

El Paso - Rincon Unit No. 38
Unit P, S 26 T27N R7W

El Paso - Rincon Unit No. 39
Unit F, S 26 T27N R7W

El Paso - Rincon Unit No. 18
Unit F, S 35 T27N R7W

El Paso - Rincon Unit No. 41
Unit A, S 35 T27N R7W

(2) That any operator desiring an allowable transfer as authorized above shall submit a request for the same to the Commission setting out the amount of allowable which he proposes to transfer and the name and location of the well or

wells which are to receive the same. Such transfers must be to wells on the same basic lease as the shut-in well. If the proposed transfer is approved by the Commission, the transfer shall be effected upon completion of the test or upon receipt of the deliverability test for the shut-in well, whichever date is later.

(3) That the underage and overage provisions of Rules 6 and 7 of Order R-128-D and Rules 11 and 12 of Order R-565-C and R-846, as all of said orders are amended by Order R-967, shall be suspended for all affected shut-in and transfer wells listed herein insofar as concerns any overage or underage accrued to such wells at the time a test is commenced; provided, however, that said wells shall be subject to the provisions of the aforementioned rules after the end of the six-month proration period following the proration period during which the test is completed, and further, that any allowable which accrues to a shut-in well during a test which is not transferred as provided for in Paragraph 2 above shall be considered to have accrued to said shut-in well on the date the test is completed.

(4) That any transfer well which has not been connected to a transportation facility at the beginning of the test shall have its allowable assigned in accordance with the applicable proration order.

(5) That any shut-in well which has not been assigned an allowable prior to the effective date of this order shall be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

If, however, the shut-in well has not been connected to a transportation facility at the beginning of the test its allowable shall begin on the date when the well would have delivered gas into a transportation facility had the well not been shut-in, such date to be determined from an affidavit by the gas purchaser.

(6) That all shut-in wells be and the same are hereby excepted from the requirements of Order R-333-C and D until the date of first delivery of gas into a gas transportation facility after the completion of the test.

(7) That the Commission be and the same is hereby authorized to administratively approve the substitution of wells designated to participate in any of the tests listed in this order, provided that no well shall be designated as a transfer well which is not on the same basic lease as the shut-in well.

(8) That in order to establish the starting date of any maximum pressure build-up test listed in this order, the operator shall notify the Santa Fe and Aztec offices of the Commission at the time the well is shut-in and padlocked, which date shall be the starting date of the maximum pressure build-up tests. Provided, that any test started before the date of this order on which the operator can furnish adequate proof that the well has not been blown to the air or produced in any manner, may have the starting date of the test begin as of the date of the shutting-in of the test well.

(9) That the shut-in well on all tests listed in this order shall be padlocked in such a manner so as to definitely prevent the opening of any valve except during the taking of the pressure readings.

(10) That the results of all pressure readings on the above-described tests shall be filed with the Commission's Aztec and Santa Fe offices within a reasonable time after the completion of the last test authorized herein. This data shall be filed in both tabular and graphic form and shall show the date that the test well was shut-in, the date and the pressure at each pressure reading, and the length of time that the well was shut-in prior to each reading. The graph shall depict the pressure build-up in pounds per square inch absolute plotted against shut-in time in days.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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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. 1359
Order No. R-1115

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN ORDER EXTENDING THE
TIME ALLOWED FOR MAKING ANNUAL
DELIVERABILITY AND SHUT-IN PRESSURE
TESTS, AND REQUESTING ALLOWABLES
FOR 237 GAS WELLS IN SAN JUAN AND
RIO ARRIBA COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 7, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 22nd. day of January, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 El Paso Natural Gas Company has made the subject application on behalf of its self and certain other operators connected to its gas transportation facilities for an extension until March 1, 1958, of the time allowed for taking and reporting the 1957 annual deliverability and shut-in pressure tests required by Order No. R-333-C and D on 237 gas wells in the Blanco Mesaverde, Fulcher Kutz-Pictured Cliffs, West Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, South Blanco-Pictured Cliffs, Ballard-Pictured Cliffs, Otero-Pictured Cliffs, Canyon Largo-Pictured Cliffs, Tapacito-Pictured Cliffs, East Companero Dakota, West Kutz-Fruitland, North Los Pinos-Fruitland, and the South Los Pinos-Fruitland Gas Pools and certain undesignated gas pools in San Juan and Rio Arriba Counties, New Mexico.

(3) That all of the above-referenced wells should have had annual deliverability and shut-in pressure tests taken during the 1957 testing period but that the unusually high demand for gas from the aforementioned pools made it necessary to produce the said wells in order to supply the market demand for gas.

(4) That all of said wells for which either initial or annual deliverability tests were filed prior to January 1, 1958, should be assigned an allowable for the month of February, 1958, on the basis of said tests; provided however, that said allowables should be adjusted retroactively to February 1, 1958, to conform to the new tests when the same are filed.

IT IS THEREFORE ORDERED:

(1) That all wells listed on Exhibit "A", attached hereto and made a part hereof, be and the same are hereby granted an extension until March 1, 1958, of the time allowed for taking and reporting the 1957 annual deliverability and shut-in pressure tests required by Rule II Section A of Order No. R-333-C and D.

(2) That all of said wells for which either initial or annual deliverability tests were filed prior to January 1, 1958, be assigned an allowable for the month of February, 1958, on the basis of said tests; provided however, that said allowables shall be adjusted retroactively to February 1, 1958, to conform to the new tests when the same are filed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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Case 1359
Order No. R-1115

EXHIBIT "A"

AREA NO. 26

On Conditioning Period Dec. 9 - Dec. 23
On Flow Period Dec. 23 - Dec. 31
On Shut-In Period Dec. 31 - Jan. 7

Name and Number	Location	Company	Formation	Field
Bond Pool Unit No. 1	SW 15-32-10	El Paso Natural Gas	MV	Blanco
Brown No. 1	SW 9-32-10	El Paso Natural Gas	MV	Blanco
Heizer Pool Unit No. 1	NE 15-32-10	El Paso Natural Gas	MV	Blanco
Lucerne No. 3-A	SW 3-31-10	El Paso Natural Gas	MV	Blanco
Randleman Pool Unit No. 1	NE 26-31-11	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 9	NW 25-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 34	SW 35-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 38	NE 35-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 5	NE 34-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 6	SW 4-31-10	El Paso Natural Gas	MV	Blanco
Scott No. 7	NE 3-31-10	El Paso Natural Gas	MV	Blanco
Stull Pool Unit No. 1	SW 10-32-10	El Paso Natural Gas	MV	Blanco
Maxey No. 1	NE 24-29-12	Aikman	PC	Fulcher Kutz
Jicarilla No. 1-13	SW 13-24-5	Blackford	PC	Otero
Jicarilla No. 1-23	NW 23-24-5	Blackford	PC	Otero
Bruington Pool Unit No. 1	SW 28-29-10	Harvey	PC	Aztec
Beardon No. 1	NW 19-29-10	McKay & Payne	Fruit.	Wildcat
"C" Unit No. 9-30	SW 30-26-4	Northwest Production	PC	Wildcat
"E" Unit No. 5-28 (M)	SW 28-26-3	Northwest Production	MV	Blanco
"E" Unit No. 14-10 (P)	NE 10-26-3	Northwest Production	PC	Wildcat
Jicarilla No. 1	NW 33-26-5	Ohio	PC	South Blanco
E. E. Elliott No. B-1	SW 27-30-9	Pan American	MV	Blanco
Elliott Gas Unit No. C-1	NE 9-30-9	Pan American	MV	Blanco
San Juan 29-5 Unit No. 10-16	SW 16-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 15-20	NE 20-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 19-6	NE 6-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 24-17	NE 17-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 30-28	SW 28-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 36-33	SW 33-29-5	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 3-25	SW 25-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 20-8	SW 8-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 26-13	SW 13-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 27-23	SW 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 28-24	SW 24-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 40-23	NE 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 55-18	SW 18-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 56-23	SW 33-29-6	Pacific Northwest	MV	Blanco
San Juan 30-5 Unit No. 5-30	NE 30-30-5	Pacific Northwest	MV	Blanco
Elliott Gas Unit No. G-1	SW 33-30-9	Pan American	MV	Blanco
Koch State No. 1 (P)	NE 36-29-9	Aztec Oil & Gas	PC	Wildcat
Goode No. 1	SE 18-30-11	J. Juan Moya	PC	Aztec
Hubbard No. 1	SW 4-30-11	J. Juan Moya	PC	Aztec
San Juan 29-6 No. 25-32	NE 32-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 No. 32-11	SW 11-29-6	Pacific Northwest	MV	Blanco
Daum No. 4 (P)	NE 32-28-9	El Paso Natural Gas	PC	Aztec

Case 1359
Order No. R-1115

EXHIBIT "A"

AREA NO. 26

On Conditioning Period Dec. 9 - Dec. 23
On Flow Period Dec. 23 - Dec. 31
On Shut-In Period Dec. 31 - Jan. 7

Name and Number	Location	Company	Formation	Field
Bond Pool Unit No. 1	SW 15-32-10	El Paso Natural Gas	MV	Blanco
Brown No. 1	SW 9-32-10	El Paso Natural Gas	MV	Blanco
Heizer Pool Unit No. 1	NE 15-32-10	El Paso Natural Gas	MV	Blanco
Lucerne No. 3-A	SW 3-31-10	El Paso Natural Gas	MV	Blanco
Randleman Pool Unit No. 1	NE 26-31-11	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 9	NW 25-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 34	SW 35-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 38	NE 35-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 5	NE 34-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 6	SW 4-31-10	El Paso Natural Gas	MV	Blanco
Scott No. 7	NE 3-31-10	El Paso Natural Gas	MV	Blanco
Stull Pool Unit No. 1	SW 10-32-10	El Paso Natural Gas	MV	Blanco
Maxey No. 1	NE 24-29-12	Aikman	PC	Fulcher Kutz
Jicarilla No. 1-13	SW 13-24-5	Blackford	PC	Otero
Jicarilla No. 1-23	NW 23-24-5	Blackford	PC	Otero
Bruington Pool Unit No. 1	SW 28-29-10	Harvey	PC	Aztec
Beardon No. 1	NW 19-29-10	McKay & Payne	Fruit.	Wildcat
"C" Unit No. 9-30	SW 30-26-4	Northwest Production	PC	Wildcat
"E" Unit No. 5-28 (M)	SW 28-26-3	Northwest Production	MV	Blanco
"E" Unit No. 14-10 (P)	NE 10-26-3	Northwest Production	PC	Wildcat
Jicarilla No. 1	NW 33-26-5	Ohio	PC	South Blanco
E. E. Elliott No. B-1	SW 27-30-9	Pan American	MV	Blanco
Elliott Gas Unit No. C-1	NE 9-30-9	Pan American	MV	Blanco
San Juan 29-5 Unit No. 10-16	SW 16-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 15-20	NE 20-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 19-6	NE 6-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 24-17	NE 17-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 30-28	SW 28-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 36-33	SW 33-29-5	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 3-25	SW 25-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 20-8	SW 8-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 26-13	SW 13-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 27-23	SW 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 28-24	SW 24-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 40-23	NE 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 55-18	SW 18-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 56-23	SW 33-29-6	Pacific Northwest	MV	Blanco
San Juan 30-5 Unit No. 5-30	NE 30-30-5	Pacific Northwest	MV	Blanco
Elliott Gas Unit No. G-1	SW 33-30-9	Pan American	MV	Blanco
Koch State No. 1 (P)	NE 36-29-9	Aztec Oil & Gas	PC	Wildcat
Goode No. 1	SE 18-30-11	J. Juan Moya	PC	Aztec
Hubbard No. 1	SW 4-30-11	J. Juan Moya	PC	Aztec
San Juan 29-6 No. 25-32	NE 32-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 No. 32-11	SW 11-29-6	Pacific Northwest	MV	Blanco
Daum No. 4 (P)	NE 32-28-9	El Paso Natural Gas	PC	Aztec
Daum No. 4 (M)	NE 32-28-9	El Paso Natural Gas	MV	Blanco
Lindrith Unit No. 15	SE 16-24-3	El Paso Natural Gas	PC	South Blanco
Jicarilla No. 2	SE 33-26-5	Ohio Oil Company	PC	South Blanco
Michener No. 3-A	NW 28-28-9	El Paso Natural Gas	PC	Aztec

Exhibit A - 1

Case No. 1359
Order No. R-1115

AREA NO. 27

On Conditioning Period	December 17	December 31
On Flow Period	December 31	January 8
On Shut-in Period	January 8	January 15

Well Name and Number	Location	Company	Formation	Field
Grambling No. 1-C	NE 14-30-10	El Paso Natural Gas	MV	Blanco
Grambling No. 3-C	NE 12-30-10	El Paso Natural Gas	MV	Blanco
Grambling No. 4-C	SW 12-30-10	El Paso Natural Gas	MV	Blanco
Hodge No. 1	NE 5-29-7	El Paso Natural Gas	MV	Blanco
Howell No. 4-B	SW 15-30-7	El Paso Natural Gas	MV	Blanco
Howell No. 5-B	NE 11-30-7	El Paso Natural Gas	MV	Blanco
Howell No. 2-H	SW 14-30-7	El Paso Natural Gas	MV	Blanco
Howell No. 3-H	NE 12-30-7	El Paso Natural Gas	MV	Blanco
Ludwick No. 8	NE 31-30-10	El Paso Natural Gas	MV	Blanco
McCulley No. 2-A	SW 12-30-7	El Paso Natural Gas	MV	Blanco
McElvain No. 1	NE 22-30-7	El Paso Natural Gas	MV	Blanco
Peters No. 1	NE 15-30-7	El Paso Natural Gas	MV	Blanco
Peters No 2	SW 11-30-7	El Paso Natural Gas	MV	Blanco
Riddle No. 2-B	NE 23-30-10	El Paso Natural Gas	MV	Blanco
San Juan No. 11	SW 11-30-10	El Paso Natural Gas	MV	Blanco
San Juan 27-4 No. 3	NE 15-27-4	El Paso Natural Gas	MV	Blanco
San Juan 27-4 No. 5	NE 7-27-4	El Paso Natural Gas	Dak.	E. Comp. Dak
San Juan 27-5 No. 19	SW 20-27-5	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 20 (M)	NE 35-27-5	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 25	SW 3-27-5	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 26 (P)	NE 17-27-5	El Paso Natural Gas	PC	Wildcat
San Juan 27-5 No. 26 (M)	NE 17-27-5	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 27 (P)	SW 26-27-5	El Paso Natural Gas	PC	Wildcat
San Juan 27-5 No. 27 (M)	SW 26-27-5	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 20	SW 12-28-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 39	SW 5-27-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 56	SW 11-28-6	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 63	SW 12-27-7	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 66	NW 8-27-7	El Paso Natural Gas	PC	South Blanco
San Juan 28-7 No. 67	SE 5-27-7	El Paso Natural Gas	PC	South Blanco
San Juan 28-7 No. 68	NE 31-28-7	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 72 (P)	SW 35-28-7	El Paso Natural Gas	PC	Wildcat
San Juan 28-7 No. 72 (M)	SW 35-28-7	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 77	SW 32-28-7	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 78	NE 19-27-7	El Paso Natural Gas	MV	Blanco
San Juan 29-7 No. 53	NE 27-29-7	El Paso Natural Gas	MV	Blanco
San Juan 29-7 No. 58	SW 26-29-7	El Paso Natural Gas	MV	Blanco
Schultz State No. 6-16	SW 16-29-10	El Paso Natural Gas	PC	Aztec
Sellers No. 3-A	SW 30-30-10	El Paso Natural Gas	PC	Aztec
Sunray No. 2-B	SW 1-30-10	El Paso Natural Gas	MV	Blanco
Gartner No. 6	NE 27-30-8	El Paso Natural Gas	MV	Blanco
Howell No. 1-C	NE 1-29-8	El Paso Natural Gas	MV	Blanco
Jones No. 3-A	NE 15-28-8	El Paso Natural Gas	MV	Blanco

Exhibit A-2

Case No. 1359
Order No. R-1115

Area No. 27
Page No. Two

Well Name and Number	Location	Company	Formation	Field
Roelofs No. 1	NE 22-29- 8	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 13	NE 30-27- 5	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 47	NE 20-28- 7	El Paso Natural Gas	MV	Blanco
San Juan 29-6 No. 15-2	SW 7-29- 6	Pacific Northwest	MV	Blanco
Apache No. 4	SW 7-24- 5	Gulf Oil	PC	Otero PC
"C" Unit No. 9-30	SW 30-26- 4	Northwest Production	PC	Wildcat
"E" Unit No. 4-10 (M)	NE 10-26- 3	Northwest Production	MV	Blanco
"E" Unit No. 3-34 (M)	SW 34-26- 3	Northwest Production	MV	Blanco
"E" Unit No. 3-34 (P)	SW 34-26- 3	Northwest Production	PC	Tapacito
"N" Unit No. 8-8 (M)	SW 8-26- 4	Northwest Production	MV	Blanco
Ohio Government No. 1-8	SW 8-31-12	Ohio Oil	MV	Blanco
Ohio Government No. 1-18	NE 18-31-12	Ohio Oil	MV	Blanco
Ohio Government No. 1-20	NE 20-31-12	Ohio Oil	MV	Blanco
Bolack No. 2-B	SW 1-24- 6	El Dorado	PC	Otero
Campbell No. 1	SW 18-27- 8	Petro-Atlas	PC	South Blanco
Hazel Bolack No. 1	SE 10-30- 11	Petro-Atlas	PC	Aztec
Jicarilla No. 6	SE 28-26- 5	Ohio Oil	PC	South Blanco
Clark No. 2	SE 5-24- 3	Hickman	PC	South Blanco
Clark No. 6	NE 5-24- 3	Hickman	PC	South Blanco

Case No. 1359
Order No. R-1115

AREA NO. 28

On Conditioning Period	December 25 -	January 8
On Flow Period	January 8 -	January 16
On Shut-in Period	January 16 -	January 23

Well Name and Number	Location	Company	Formation	Field
Abraham No. 1-C	NE 15-30- 6	El Paso Natural Gas	MV	Blanco
Abraham No. 2-X	SW 12-30- 6	El Paso Natural Gas	MV	Blanco
Brookhaven State No. 1	SW 16-31-10	El Paso Natural Gas	MV	Blanco
Brookhaven State No. 2	NE 16-31-10	El Paso Natural Gas	MV	Blanco
Hudson Pool Unit No. 1	SW 17-31-10	El Paso Natural Gas	MV	Blanco
Lucerne No. 1-A	SW 9-31-10	El Paso Natural Gas	MV	Blanco
Lucerne No. 4-A	NE 10-31-10	El Paso Natural Gas	MV	Blanco
Marcotte Pool Unit No. 1	NE 8-31-10	El Paso Natural Gas	MV	Blanco
San Juan 28-5 No. 4	NE 19-28- 5	El Paso Natural Gas	MV	Blanco
San Juan 28-5 No. 22	SW 21-28- 5	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 7	NE 29-28- 6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 72	NE 19-28- 6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 14	SW 32-30- 6	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 13	NE 14-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 21	SW 11-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 22	SW 14-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 25	NE 2-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 43	SW 2-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 44	NE 11-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 45	SW 12-31-10	El Paso Natural Gas	MV	Blanco
Scott No. 4	NE 17-31-10	El Paso Natural Gas	MV	Blanco
Jicarilla No. 148-3	NW 24-25- 5	Pan American	PC	South Blanco
Jicarilla No. 148-8	NW 23-25- 5	Pan American	PC	South Blanco
Rosa Unit No. 9-11	SW 11-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 10-13	SW 13-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 12-15	NE 15-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 16-14	SW 14-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 18-22	NE 22-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 19-24	SW 24-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 20-14	NE 14-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 21-23	SW 23-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 22-18	NE 18-31- 5	Pacific Northwest	MV	Blanco
Rosa Unit No. 23-29	SW 28-31- 5	Pacific Northwest	MV	Blanco
San Juan 27-5 No. 24-32 (P)	NE 32-27- 5	El Paso Natural Gas	PC	Wildcat
San Juan 27-5 No. 24-32 (M)	NE 32-27- 5	El Paso Natural Gas	MV	Blanco
San Juan 28-4 No. 9-32	SW 32-28- 4	Pacific Northwest	MV	Blanco
San Juan 31-6 No. 9-27	NE 27-31- 6	Pacific Northwest	MV	Blanco
San Juan 32-8 No. 5-10	SW 10-31- 8	Pacific Northwest	MV	Blanco
Huerfano No. 22	SW 33-27-10	El Paso Natural Gas	PC	West Kutz
San Juan 32-9 No. 7	SW 32-32- 9	El Paso Natural Gas	MV	Blanco
Canyon Largo No. 1-28	NW 28-25- 6	Superior Oil	PC	Canyon Largo

Case No. 1359
Order No. R-1115

AREA NO. 29

On Conditioning Period — Jan. 2 - Jan. 16
On Flow Period — Jan. 16 - Jan. 23
On Shut-In Period — Jan. 23 - Jan. 30

Name and Number	Location	Company	Formation	Field
Federal Gas Unit No. 1	NE 20-32-12	Pan American	MV	Blanco
W. D. Heath No. B-1	NE 31-30-9	Pan American	MV	Blanco
Holmberg Gas Unit No. 1	NE 28-32-10	Pan American	MV	Blanco
Martinez Gas Unit "A" No. 1	SW 32-30-10	Pan American	MV	Blanco
Navajo Alloted Gas Unit No. B-1	NE 36-28-9	Pan American	MV	Blanco
Cox Canyon No. 4-21	NE 21-32-11	Pacific Northwest	MV	Blanco
Cox Canyon No. 5-21	SW 21-32-11	Pacific Northwest	MV	Blanco
Cox Canyon No. 7-17	NE 17-32-11	Pacific Northwest	MV	Blanco
Cox Canyon No. 8-8	SE 8-32-11	Pacific Northwest	MV	Blanco
Cox Canyon No. 9-20	NE 20-32-11	Pacific Northwest	MV	Blanco
San Juan 29-6 No. 20-8	SW 8-29-6	Pacific Northwest	MV	Blanco
Lackey No. 1-B	NE 20-28-9	Pacific Northwest	MV	Blanco
Lackey No. 10-B (M)	NE 21-28-9	El Paso Natural Gas	MV	Blanco
Lackey No. 11-B	NE 30-28-9	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 47-15	SW 15-28-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 18	SW 24-28-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 74	NE 3-27-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 75	SW 3-27-6	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 8	SW 32-27-5	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 69	NE 32-28-7	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 1-9	NE 9-30-6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 13-32	NE 32-30-6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 17	SW 18-30-6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 18	NE 18-30-6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 19-25	SW 25-30-6	El Paso Natural Gas	MV	Blanco
Jicarilla No. 3	NW 34-26-5	El Paso Natural Gas	MV	Blanco
Jicarilla No. 4	SE 36-26-5	Ohio	PC	South Blanco
Jicarilla No. 5	NW 28-26-5	Ohio	PC	South Blanco
Jicarilla No. 7	NW 27-26-5	Ohio	PC	South Blanco
Jicarilla No. 8	SE 27-26-5	Ohio	PC	South Blanco
Michener No. 1-A	NE 33-28-9	Ohio	PC	South Blanco
Jicarilla No. 2-J	NE 20-26-5	El Paso Natural Gas	PC	South Blanco
San Juan 27-5 No. 20 (R)	NE 35-27-5	El Paso Natural Gas	PC	South Blanco
San Juan 27-4 No. 7	SW 9-27-4	El Paso Natural Gas	Dak.	Tapacito
				E. Comp. Dak.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1498
Order No. R-1300

APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR AN ORDER AUTHORIZING
MAXIMUM PRESSURE BUILD-UP TESTS AND
FOR THE NON-CANCELLATION AND/OR
TRANSFER OF ALLOWABLES FOR WELLS
INVOLVED IN SUCH TESTING PROGRAM IN
FIVE GAS POOLS IN SAN JUAN AND RIO
ARRIBA COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 10, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 17th. day of December, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, El Paso Natural Gas Company, seeks an order approving maximum pressure build-up tests on 17 gas wells in the Blanco Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, and the South Blanco-Pictured Cliffs Gas Pools in San Juan and Rio Arriba Counties, New Mexico, and further authorizing the non-cancellation and/or transfer of allowables for said wells and for administrative approval for the substitution of other wells for those authorized by this order.

(3) That there is a need for the reservoir information that the proposed maximum pressure build-up tests would provide.

(4) That the proposed tests would not cause waste nor violate correlative rights.

(5) That the proposed tests should be authorized.

(6) That all shut-in wells should be excepted from the requirements of Order R-333-C and D during the time that maximum pressure build-up tests are being conducted.

(7) That any shut-in well which has not been assigned an allowable prior to the effective date of this order should be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

(8) That the applicant should be permitted to transfer the allowable which accrues to the shut-in well during the test to certain other wells on the same basic lease; and further, that any such allowable which is not so transferred should be considered to have accrued on the date the test is completed.

(9) That the underage and overage balancing provisions of Rules 6 and 7 of Order R-128-D, Rules 11 and 12 of Order R-565-C and R-846, as all of said rules are amended by Order R-967, should be suspended for all affected shut-in and transfer wells until the end of the six-month proration period following the proration period during which the test is completed.

IT IS THEREFORE ORDERED:

1. That authority be and the same is hereby granted to conduct maximum pressure build-up tests on the wells hereinafter designated as the "Shut-In Well" and to transfer any allowables accruing to said wells during the tests to one or more of the wells designated as a "Transfer Well" for the same test, subject to the provisions of Paragraph 2 of this order:

AZTEC-PICTURED CLIFFS GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso - Lackey No. 5-B Unit P, S 20, T-28N, R-9W	El Paso-Lackey No. 3-B Unit D, S 29, T-28N, R-9W
	El Paso-Lackey No. 4-B Unit A, S 29, T-28N, R-9W
	El Paso-Lackey No. 6-B Unit D, S 21, T-28N, R-9W

AZTEC-PICTURED CLIFFS GAS POOL

	TRANSFER WELL
	El Paso-Lackey No. 8-B Unit M, S 20, T-28N, R-9W
	El Paso-Lackey No. 9-B Unit M, S 21, T-28N, R-9W

BALLARD-PICTURED CLIFFS GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-McConnell No. 5 Unit C, S 24, T-26N, R-9W	El Paso-Payne No. 2 Unit O, S 13, T-26N, R-9W
	El Paso-McConnell No. 4 Unit K, S 24, T-26N, R-9W
	El Paso-Payne 1-A Unit M, S 13, T-26N, R-9W
El Paso-McManus No. 10 Unit A, S 4, T-25N, R-8W	El Paso-McManus No. 2 Unit F, S 4, T-25N, R-8W
	El Paso-McManus No. 3 Unit J, S 33, T-26N, R-8W
	El Paso-McManus No. 5 Unit J, S 4, T-25N, R-8W
	El Paso-McManus No. 9 Unit M, S 33, T-26N, R-8W
	El Paso-McManus No. 13 Unit N, S 4, T-25N, R-8W

BLANCO MESAVERDE GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-Atlantic No. 5 Unit A, S 22, T-31N, R-10W	El Paso-Atlantic No. 6 Unit L, S 22, T-31N, R-10W
	El Paso-Atlantic No. 8 Unit M, S 23, T-31N, R-10W

BLANCO MESAVERDE GAS POOL

SHUT-IN WELL	TRANSFER WELL
	El Paso-Atlantic No. 7 Unit G, S 23, T-31N, R-10W
El Paso-Fields No. 1 Unit A, S 25, T-32N, R-11W	El Paso-Fields No. 2 Unit N, S 25, T-32N, R-11W
El Paso-Fields No. 5 Unit L, S 28, T-32N, R-11W	El Paso-Fields No. 1 Unit G, S 29, T-32N, R-11W
	El Paso-Fields No. 4 Unit G, S 28, T-32N, R-11W
	El Paso-Horton No. 1 Unit K, S 29, T-32N, R-11W
El Paso-Gartner No. 4 Unit H, S 33, T-30N, R-8W	El Paso-Gartner No. 1 Unit N, S 28, T-30N, R-8W
	El Paso-Gartner No. 3 Unit N, S 33, T-30N, R-8W
	El Paso-Gartner No. 5 Unit M, S 27, T-30N, R-8W
El Paso-Grambling No. 3 Unit N, S 22, T-29N, R-9W	El Paso-Grambling No. 1 Unit G, S 28, T-29N, R-9W
	El Paso-Grambling No. 2 Unit G, S 27, T-29N, R-9W
El Paso-Howell No. 3-A Unit M, S 4, T-30N, R-8W	El Paso-Howell No. 1-A Unit G, S 8, T-30N, R-8W
	El Paso-Howell No. 2-A Unit N, S 5, T-30N, R-8W
	El Paso-Woodriver No. 2 Unit G, S 9, T-30N, R-8W
El Paso-Mansfield No. 4 Unit A, S 29, T-30N, R-9W	(No wells on same basic lease)
El Paso-Prichard No. 2-1 Unit B, S 34, T-31N, R-9W	El Paso-Prichard No. 3-2 Unit K, S 34, T-31N, R-9W

BLANCO MESAVERDE GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-S.J. Unit 28-7 No. 49 Unit B, S 21, T-28N, R-7W	El Paso-S. J. Unit 28-7 No. 6 Unit N, S 16, T-28N, R-7W
	El Paso-S. J. Unit 28-7 No.47 Unit A, S 20, T-28N, R-7W
	El Paso-S. J. Unit 28-7 No.48 Unit L, S 21, T-28N, R-7W
El Paso-S.J. Unit 32-9 No. 29 Unit M, S 36, T-32N, R-10W	El Paso-S. J. Unit 32-9 No. 9 Unit N, S 25, T-32N, R-10W
	El Paso-S. J. Unit 32-9 No.38 Unit B, S 35, T-32N, R-10W
	El Paso-S.J. Unit 32-9 No. 34 Unit K, S 35, T-32N, R-10W
	El Paso-S. J. Unit 32-9 No.25 Unit G, S 2, T-31N, R-10W
	El Paso-S. J. Unit 32-9 No.26 Unit L, S 1, T-31N, R-10W
	El Paso-S. J. Unit 32-9 No. 3 Unit A, S 1, T-31N, R-10W
	El Paso-S. J. Unit 32-9 No.32 Unit M, S 31, T-32N, R-9W
	El Paso-S. J. Unit 32-9 No.30 Unit H, S 36, T-32N, R-10W
El Paso-Stewart No. 4 Unit K, S 28, T-30N, R-10W	El Paso-Stewart No. 3 Unit A, S 28, T-30N, R-10W
El Paso-Wilson 30-6 No. 6 Unit N, S 35, T-30N, R-7W	El Paso-Wilson 30-6 No. 1 Unit M, S 26, T-30N, R-7W
	El Paso-Wilson 30-6 No. 4 Unit G, S 34, T-30N, R-7W
	El Paso-Wilson 30-6 No. 5 Unit M, S 34, T-30N, R-7W

BLANCO MESAVERDE GAS POOL

TRANSFER WELL

El Paso-Wilson 30-6 No. 7
Unit H, S 35, T-30N, R-7W

FULCHER KUTZ-PICTURED CLIFFS GAS POOL

SHUT-IN WELL

El Paso-Rowley No. 4
Unit E, S 17, T-27N, R-10W

TRANSFER WELL

El Paso-Rowley No. 2
Unit L, S 8, T-27N, R-10W

El Paso-Rowley No. 3
Unit I, S 7, T-27N, R-10W

El Paso-Rowley No. 5
Unit K, S 17, T-27N, R-10W

El Paso-Rowley No. 6
Unit I, S 18, T-27N, R-10W

El Paso-Pipkin No. 3
Unit A, S 17, T-27N, R-10W

El Paso-Pipkin No. 4
Unit A, S 18, T-27N, R-10W

SOUTH BLANCO-PICTURED CLIFFS GAS POOL

SHUT-IN WELL

El Paso-Jicarilla No. 5-B
Unit M, S 27, T25-N, R-4W

TRANSFER WELL

El Paso-Jicarilla No. 2-B
Unit G, S 34, T-25N, R-4W

El Paso-Jicarilla No. 3-B
Unit O, S 28, T-25N, R-4W

El Paso-Jicarilla No. 4-B
Unit D, S 34, T-25N, R-4W

El Paso-Jicarilla No. 6-B
Unit B, S 33, T-25N, R-4W

El Paso-Jicarilla No. 7-B
Unit J, S 27, T-25N, R-4W

(2) That any operator desiring an allowable transfer as authorized above shall submit a request for the same to the Commission setting out the amount of allowable which he proposes to transfer and the name and location of the well or wells which are to receive the same. Such transfers must be to wells on the same basic lease as the shut-in well. If the proposed transfer is approved by the Commission, the transfer shall be effected upon completion of the test or upon receipt of the deliverability test for the shut-in well, whichever date is later.

(3) That the underage and overage provisions of Rules 6 and 7 of Order R-128-D and Rules 11 and 12 of Order R-565-C and R-846, as all of said orders are amended by Order R-967, shall be suspended for all affected shut-in and transfer wells listed herein insofar as concerns any overage or underage accrued to such wells at the time a test is commenced; provided, however, that said wells shall be subject to the provisions of the aforementioned rules after the end of the six-month proration period following the proration period during which the test is completed, and further, that any allowable which accrues to a shut-in well during a test which is not transferred as provided for in Paragraph 2 above shall be considered to have accrued to said shut-in well on the date the test is completed.

(4) That any transfer well which has not been connected to a transportation facility at the beginning of the test shall have its allowable assigned in accordance with the applicable proration order.

(5) That any shut-in well which has not been assigned an allowable prior to the effective date of this order shall be assigned an allowable from the date of connection to a transportation facility,provided said date is not more than forty-five days prior to the beginning of the test.

If, however, the shut-in well has not been connected to a transportation facility at the beginning of the test its allowable shall begin on the date when the well would have delivered gas into a transportation facility had the well not been shut-in, such date to be determined from an affidavit by the gas purchaser.

(6) That all shut-in wells be and the same are hereby excepted from the requirements of Order R-333-C and D until the date of first delivery of gas into a gas transportation facility after the completion of the test.

(7) That the Commission be and the same is hereby authorized to administratively approve the substitution of wells designated participate in any of the tests listed in this order, provided that no well shall be designated as a transfer well which is not on the same basic lease as the shut-in well.

(8) That in order to establish the starting date of any maximum pressure build-up test listed in this order, the operator shall notify the Santa Fe and Aztec offices of the Commission at the time the well is shut-in and padlocked, which date shall be the starting date of the maximum pressure build-up tests. Provided, that any test started before the date of this order on which the operator can furnish adequate proof that the well has not been blown to the air or produced in any manner, may have the starting date of the test begin as of the date of the shutting-in of the test well.

(9) That the shut-in well on all tests listed in this order shall be padlocked in such a manner so as to definitely prevent the opening of any valve except during the taking of the pressure readings.

(10) That the results of all pressure readings on the above-described tests shall be filed with the Commission's Aztec and Santa Fe offices within a reasonable time after the completion of the last test authorized herein. This data shall be filed in both tabular and graphic form and shall show the date that the test well was shut-in, the date and the pressure at each pressure reading, and the length of time that the well was shut-in prior to each reading. The graph shall depict the pressure build-up in pounds per square inch absolute plotted against shut-in time in days.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

S E A L

ir/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 1685
Order No. R-1421

APPLICATION OF EL PASO NATURAL GAS COMPANY FOR AN ORDER AUTHORIZING MAXIMUM PRESSURE BUILD-UP TESTS AND FOR THE NON-CANCELLATION AND/OR TRANSFER OF ALLOWABLES FOR WELLS INVOLVED IN SUCH TESTING PROGRAM IN FIVE GAS POOLS IN SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 3, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 9th day of June, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, El Paso Natural Gas Company, seeks an order approving maximum pressure build-up tests on 19 gas wells in the Blanco Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, and the South Blanco-Pictured Cliffs Gas Pools in San Juan and Rio Arriba Counties, New Mexico, and further authorizing the non-cancellation and/or transfer of allowables for said wells and for administrative approval for the substitution of other wells for those authorized by this order.

(3) That there is a need for the reservoir information that the proposed maximum pressure build-up tests would provide.

(4) That the proposed tests would not cause waste nor violate correlative rights.

(5) That the proposed tests should be authorized.

(6) That all shut-in wells should be excepted from the requirements of Order R-333-C and D during the time that maximum pressure build-up tests are being conducted.

(7) That any shut-in well which has not been assigned an allowable prior to the effective date of this order should be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

(8) That the applicant should be permitted to transfer the allowable which accrues to the shut-in well during the test to certain other wells on the same basic lease; and further, that any such allowable which is not so transferred should be considered to have accrued on the date the test is completed.

(9) That the underage and overage balancing provisions of Rules 6 and 7 of Order R-128-D, Rules 11 and 12 of Order R-565-C and R-846, as all of said rules are amended by Order R-967, should be suspended for all affected shut-in and transfer wells until the end of the six-month proration period following the proration period during which the test is completed.

IT IS THEREFORE ORDERED:

(1) That authority be and the same is hereby granted to conduct maximum pressure build-up tests on the wells hereinafter designated as the "Shut-In Well" and to transfer any allowables accruing to said wells during the tests to one or more of the wells designated as a "Transfer Well" for the same test, subject to the provisions of Paragraph 2 of this order:

AZTEC-PICTURED CLIFFS GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-Ludwick No. 2 SE/4, S 19, T-30N, R-10W	El Paso-Ludwick No. 1 NW/4, S 29, T-30N, R-10W
	El Paso-Ludwick No. 3 SE/4, S 29, T-30N, R-10W
	El Paso-Ludwick No. 4 NE/4, S 31, T-30N, R-10W
	El Paso-Ludwick No. 5 NW/4, S 31, T-30N, R-10W
	El Paso-Ludwick No. 6 SW/4, S 19, T-30N, R-10W

BALLARD-PICTURED CLIFFS GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-Ballard No. 2-14 NW/4, S 14, T-26N, R-9W	El Paso-Ballard No. 1-14 SE/4, S 14, T-26N, R-9W
	El Paso-Ballard No. 3-14 NE/4, S 14, T-26N, R-9W
	El Paso-Ballard No. 4-14 SW/4, S 14, T-26N, R-9W
	El Paso-Ballard No. 1-15 NW/4, S 15, T-26N, R-9W
	El Paso-Ballard No. 2-15 NE/4, S 15, T-26N, R-9W
	El Paso-Ballard No. 3-15 SE/4, S 15, T-26N, R-9W
	El Paso-Ballard No. 4-15 SW/4, S 15, T-26N, R-9W
El Paso-Quitzau No. 9 SW/4, S 11, T-25N, R-8W	El Paso-Quitzau No. 1 NW/4, S 3, T-25S, R-8W
	El Paso-Quitzau No. 2 NW/4, S 11, T-25S, R-8W
	El Paso-Quitzau No. 3 SE/4, S 11, T-25S, R-8W
	El Paso-Quitzau No. 4 SE/4, S 3, T-25S, R-8W
	El Paso-Quitzau No. 5 SW/4, S 3, T-25S, R-8W
	El Paso-Quitzau No. 6 NE/4, S 10, T-25S, R-8W
	El Paso-Quitzau No. 7 NW/4, S 10, T-25S, R-8W
	El Paso-Quitzau No. 8 NE/4, S 11, T-25S, R-8W

	El Paso-Quitzau No. 10 SE/4, S 10, T-25S, R-8W
	El Paso-Quitzau No. 11 NE/4, S 3, T-25S, R-8W
El Paso-Wilson No. A-1 NW/4, S 32, T-26N, R-8W	El Paso-Wilson No. A-2 SW/4, S 32, T-26N, R-8W

BLANCO MESAVERDE GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-Atlantic No. 5-A SW/4, S 26, T-31N, R-10W	El Paso-Atlantic No. 1-A NE/4, S 27, T-31N, R-10W
	El Paso-Atlantic No. 9-A SW/4, S 27, T-31N, R-10W
El Paso-Atlantic No. 8-A NE/4, S 29, T-31N, R-11W	El Paso-Atlantic No. 7-A SW/4, S 29, T-31N, R-10W
El Paso-Barnes No. 7 SW/4, S 23, T-32N, R-11W	None
El Paso-Barrett No. 2 NE/4, S 19, T-31N, R-9W	El Paso-Barrett No. 1 SW/4, S 19, T-31N, R-9W
	El Paso-Barrett No. 3 SW/4, S 20, T-31N, R-9W
	El Paso-Barrett No. 4 NE/4, S 20, T-31N, R-9W
El Paso-Gartner No. 2 NE/4, S 28, T-30N, R-8W	El Paso-Gartner No. 1 SW/4, S 28, T-30N, R-8W
	El Paso-Gartner No. 3 SW/4, S 33, T-30N, R-8W
	El Paso-Gartner No. 4 NE/4, S 33, T-30N, R-8W
	El Paso-Gartner No. 5 SW/4, S 27, T-30N, R-8W
	El Paso-Gartner No. 7 SW/4, S 26, T-30N, R-8W
	El Paso-Gartner No. 8 NE.4, S 26, T-30N, R-8W

El Paso-Hughes No. 1 SW/4, S 19, T-29N, R-8W	El Paso-Hughes No. 2 NE/4, S 19, T-29N, R-8W
	El Paso-Hughes No. 3 NE/4, S 20, T-29N, R-8W
	El Paso-Hughes No. 4 SW/4, S 20, T-29N, R-8W
	El Paso-Hughes No. 5 SW/4, S 21, T-29N, R-8W
	El Paso-Hughes No. 6 NE/4, S 21, T-29N, R-8W
	El Paso-Hughes No. 7 SW/4, S 29, T-29N, R-8W
	El Paso-Hughes No. 8 NE/4, S 29, T-29N, R-8W
El Paso-Lucerne No. 2-A NE/4, S 9, T-31N, R-10W	El Paso-Lucerne No. 1-A SW/4, S 9, T-31N, R-10W
	El Paso-Lucerne No. 3-A SW/4, S 3, T-31N, R-10W
	El Paso-Lucerne No. 4-A NE/4, S 10, T-31N, R-10W
El Paso-SJU 30-6 McElvain No. 1-A NE/4, S 23, T-30N, R-7W	El Paso-McElvain No. 2-A SW/4, S 23, T-30N, R-7W
	El Paso-McElvain No. 3-A NE/4, S 24, T-30N, R-7W
	El Paso-McElvain No. 4-A SW/4, S 24, T-30N, R-7W
	El Paso-McElvain No. 5-A NE/4, S 25, T-30N, R-7W
	El Paso-McElvain No. 6-A SW/4, S 25, T-30N, R-7W
El Paso-Riddle No. 2 SW/4, S 3, T-30N, R-9W	El Paso-Riddle No. 1 NW/4, S 4, T-30N, R-9W
El Paso-Schwerdtfeger No. 1 SW/4, S 27, T-31N, R-9W	None

El Paso-SJU 28-6 No. 37
SW/4, S 6, T-27N, R-6W

El Paso-SJU 28-6 No. 39
SW/4, S 5, T-27N, R-6W

El Paso-SJU 28-6 No. 43
NE/4, S 7, T-27N, R-6W

El Paso-SJU 28-6 No. 54
SW/4, S 7, T-27N, R-6W

El Paso-SJU 28-6 No. 22
NE/4, S 8, T-27N, R-6W

El Paso-SJU 28-7 No. 56
SW/4, S 13, T-28N, R-7W

El Paso-SJU 28-7 No. 33
NE/4, S 13, T-28N, R-7W

El Paso-SJU 28-7 No. 51
NE/4, S 24, T-28N, R-7W

El Paso-SJU 28-7 No. 26
SW/4, S 24, T-28N, R-7W

El Paso-SJU 28-7 No. 50
NE/4, S 23, T-28N, R-7W

El Paso-SJU 28-7 No. 9
SW/4, S 14, T-28N, R-7W

El Paso-SJU 28-7 No. 24
NE/4, S 14, T-28N, R-7W

El Paso-SJU 28-7 No. 55
SW/4, S 12, T-28N, R-7W

FULCHER KUTZ-PICTURED CLIFFS GAS POOL

SHUT-IN WELL

El Paso-Omler No. 5
SE/4, S 25, T-28N, R-10W

TRANSFER WELL

El Paso-Omler No. 2
NW/4, S 36, T-28N, R-10W

El Paso-Omler No. 3
SE/4, S 36, T-28N, R-10W

El Paso-Omler No. 4
NE/4, S 36, T-28N, R-10W

El Paso-Omler No. 6
NE/4, S 25, T-28N, R-10W

El Paso-Omler No. 7
NW/4, S 25, T-28N, R-10W

El Paso-Omler No. 8
SW/4, S 25, T-28N, R-10W

El Paso-Omler No. 9
SW/4, S 36, T-28N, R-10W

SOUTH BLANCO-PICTURED CLIFFS GAS POOL

SHUT-IN WELL

El Paso-Jicarilla No. 1-B
NW/4, S 28, T-25N, R-4W

El Paso-Jicarilla No. 8-E
NW/4, S 20, T-25N, R-4W

TRANSFER WELL

El Paso-Jicarilla No. 2-B
NE/4, S 34, T-25N, R-4W

El Paso-Jicarilla No. 3-B
SE/4, S 28, T-25N, R-4W

El Paso-Jicarilla No. 4-B
NW/4, S 34, T-25N, R-4W

El Paso-Jicarilla No. 5-B
SW/4, S 27, T-25N, R-4W

El Paso-Jicarilla No. 6-B
NE/4, S 33, T-25N, R-4W

El Paso-Jicarilla No. 7-B
SE/4, S 27, T-25N, R-4W

El Paso-Jicarilla No. 8-B
NE/4, S 28, T-25N, R-4W

El Paso-Jicarilla No. 9-B
SW/4, S 28, T-25N, R-4W

El Paso-Jicarilla No. 10-B
SW/4, S 34, T-25N, R-4W

El Paso-Jicarilla No. 1-E
NE/4, S 19, T-25N, R-4W

El Paso-Jicarilla No. 2-E
SE/4, S 19, T-25N, R-4W

El Paso-Jicarilla No. 3-E
SW/4, S 18, T-25N, R-4W

El Paso-Jicarilla No. 4-E
SE/4, S 18, T-25N, R-4W

El Paso-Jicarilla No. 5-E
NE/4, S 20, T-25N, R-4W

El Paso-Jicarilla No. 6-E
SE/4, S 20, T-25N, R-4W

El Paso-Jicarilla No. 9-E
NW/4, S 19, T-25N, R-4W

El Paso-Jicarilla No. 11-E
SW/4, S 19, T-25N, R-4W

(2) That any operator desiring an allowable transfer as authorized above shall submit a request for the same to the Commission setting out the amount of allowable which he proposes to transfer and the name and location of the well or wells which are to receive the same. Such transfers must be to wells on the same basic lease as the shut-in well. If the proposed transfer is approved by the Commission, the transfer shall be effected upon completion of the test or upon receipt of the deliverability test for the shut-in well, whichever date is later.

(3) That the underage and overage provisions of Rules 6 and 7 of Order R-128-D and Rules 11 and 12 of Order R-565-C and R-846, as all of said orders are amended by Order R-967, shall be suspended for all affected shut-in and transfer wells listed herein insofar as concerns any overage or underage accrued to such wells at the time a test is commenced; provided, however, that said wells shall be subject to the provisions of the aforementioned rules after the end of the six-month proration period following the proration period during which the test is completed, and further, that any allowable which accrues to a shut-in well during a test which is not transferred as provided for in Paragraph 2 above shall be considered to have accrued to said shut-in well on the date the test is completed.

(4) That any transfer well which has not been connected to a transportation facility at the beginning of the test shall have its allowable assigned in accordance with the applicable proration order.

(5) That any shut-in well which has not been assigned an allowable prior to the effective date of this order shall be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

If, however, the shut-in well has not been connected to a transportation facility at the beginning of the test its allowable shall begin on the date when the well would have delivered gas into a transportation facility had the well not been shut-in, such date to be determined from an affidavit by the gas purchaser.

(6) That all shut-in wells be and the same are hereby excepted from the requirements of Order R-333-C and D until the date of first delivery of gas into a gas transportation facility after the completion of the test.

(7) That the Commission be and the same is hereby authorized to administratively approve the substitution of wells designated to participate in any of the tests listed in this order, provided that no well shall be designated as a transfer well which is not on the same basic lease as the shut-in well.

(8) That in order to establish the starting date of any maximum pressure build-up test listed in this order, the operator shall notify the Santa Fe and Aztec offices of the Commission at the time the well is shut-in and padlocked, which date shall be the starting date of the maximum pressure build-up tests. Provided, that any test started before the date of this order on which the operator can furnish adequate proof that the well has not been blown to the air or produced in any manner, may have the starting date of the test begin as of the date of the shutting-in of the test well.

(9) That the shut-in well on all tests listed in this order shall be padlocked in such a manner so as to definitely prevent the opening of any valve except during the taking of the pressure readings.

(10) That the results of all pressure readings on the above-described tests shall be filed with the Commission's Aztec and Santa Fe offices within a reasonable time after the completion of the last test authorized herein. These data shall be filed in both tabular and graphic form and shall show the date that the test well wasshut-in, the date and the pressure at each pressure reading, and the length of time that the well was shut-in prior to each reading. The graph shall depict the pressure build-up in pounds per square inch absolute plotted against shut-in time in days.

(11) That the authority herein granted shall terminate one year from the date of this order; provided, however, that the Secretary-Director may approve an extension of time for the taking of the subject tests for good cause shown.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

S E A L

MURRAY E. MORGAN, Member

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

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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. 237
ORDER NO. R-46

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR ESTABLISHING
A WELL SPACING PATTERN FOR
EACH OF THE DESIGNATED GAS
POOLS IN THE COUNTIES OF SAN
JUAN AND RIO ARRIBA, STATE OF
NEW MEXICO PRODUCING OR CAPABLE
OF PRODUCING GAS FROM PICTURED
CLIFFS FORMATION, EXCEPT KUTZ
CANYON-FULCHER BASIN, MESAVERDE
FORMATION (EXCEPT BLANCO POOL)
AND ANY OF THE PENNSYLVANIAN
FORMATIONS.

no effect on Blanco Mesa Verde
(Rules superseded, continued Order
No. 799 in effect)

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on regularly for hearing at 10:00 o'clock A.M., November 21, 1950, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 29 th day of December 1950, the Commission having considered the whole matter including the testimony adduced at said hearing,

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 for purposes of orderly development, protection of correlative rights and the prevention of waste, the following pools in San Juan and Rio Arriba Counties, New Mexico heretofore by the Commission named, defined and classified as gas pools, as the respective boundaries thereof may be changed by extension or otherwise, should be provided with proper spacing pattern and production units;

Aztec (Pictured Cliffs) pool, 160-acre spacing;
Barker Creek, Paradox (Pennsylvanian) pool, 640-acre spacing;
Blanco (Pictured Cliffs) pool, 160-acre spacing;
Gavilan (Pictured Cliffs) pool, 160-acre spacing;
La Plata (Mesaverde) pool, 320-acre spacing;
NW La Plata (Mesaverde) pool, 320-acre spacing;
South La Plata (Mesaverde) pool, 320-acre spacing;
South Kutz Canyon (Pictured Cliffs) pool, 160-acre spacing;
West Kutz Canyon (Pictured Cliffs) pool, 160-acre spacing;
Ute Dome (Paradox) pool, 640-acre spacing.

3. That for La Plata, NW La Plata and South La Plata pools, wells should be orthodox locations on NW/4 and SE/4 of each section in said pools.

4. Under 160-acre spacing for Aztec, Blanco (Pictured Cliffs), Gavilan, South Kutz Canyon and West Kutz Canyon pools, orthodox locations should be required as stated in Rule 104 (or 330' from inner and 660' from outer boundaries of the respective quarter section);

5. For those pools appearing to require 640-acre spacing in Pennsylvanian formation, orthodox locations should be required to be not closer than 330' to center and 1650' from boundary of each section in the Barker Creek (Paradox-Pennsylvanian) and Ute Dome (Paradox-Pennsylvanian) pools.

6. That existing Commission Orders 748 and 815, relating to the Kutz Canyon-Fulcher Basin pool, and Order No. 799 relating to the Blanco pool should be and remain in full effect and undisturbed hereby.

IT IS THEREFORE ORDERED:

1. That for purposes of orderly development, protection of correlative rights, and the prevention of waste, a spacing and production unit patter is hereby provided for each of the following heretofore named, defined and classified pools, as the respective boundaries thereof may from time to time be changed:

POOL	FORMATION	SPACING
Aztec	Pictured Cliffs	160-acre
Barker Creek	Paradox-Pennsylvanian	640-acre
Blanco	Pictured Cliffs	160-acre
Gavilan	Pictured Cliffs	160-acre
La Plata	Mesaverde	320-acre
NW La Plata	Mesaverde	320-acre
South La Plata	Mesaverde	320-acre
South Kutz Canyon	Pictured Cliffs	160-acre
West Kutz Canyon	Pictured Cliffs	160-acre
Ute Dome	Paradox	640-acre

2. That orthodox locations shall be in the approximate center of the NW/4 and SE/4 of each section within the confines of La Plata, Northwest La Plata, and South La Plata pools, under 320 acre spacing for Mesaverde production.

3. That orthodox locations shall be as in Rule 104 (or 330' from inner and 660' from outer boundaries of the respective quarter section) within the boundaries of the Aztec, Blanco, Gavilan, South Kutz Canyon and West Kutz Canyon pools for 160-acre spacing for Pictured Cliffs production.

4. That orthodox locations shall be not closer than 330' to center of the respective sections and 1650' from boundaries within the boundaries of Barker Creek and Ute Dome pools for 640-acre spacing for Paradox-Pennsylvanian production.

5. That Orders Nos. 748, 815, relative to Kutz Canyon-Fulcher Basin Pool, and 799, relating to Blanco Mesaverde, shall remain in full force and effect.

6. That wells now drilled or drilling are excepted.

IT IS FURTHER ORDERED:

1. That for the purpose of preventing inequities and impairment of correlative rights the Commission upon its own motion or upon its own motion or upon application of any interested person, after notice and hearing grant exceptions in proper cases.

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

State of New Mexico
Oil Conservation Commission

Thomas J. Mabry, Chairman

Guy Shepard, Member

R. R. Spurrier, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 262
ORDER NO. R-67

IN THE MATTER OF THE APPLICATION OF BYRD-FROST, INC. FOR DESIGNATION AND SPACING RULES FOR A MESAVERDE GAS POOL TO BE KNOWN AS LARGO-MESAVERDE GAS POOL IN RIO ARRIBA AND SAN JUAN COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION

This matter came on for hearing at Santa Fe, New Mexico at 10:00 o'clock on March 20, 1951, and the Commission having heard the testimony adduced and reviewed the pertinent office records.

FINDS:

1. That due notice having been given in compliance with law, the Commission has jurisdiction of the interested parties and the subject matter hereof.

2. That heretofore on March 21, 1950, upon the recommendation of the then functioning Northwestern New Mexico Nomenclature Committee, there was, by Commission Order No. 214, duly established a pool classified as a gas pool designated as the Large (Mesaverde) pool described as:

T. 28 N. R. 8 W
Sections 33 and 34

T. 27 N. R. 8 W
Sections 3 and 4

3. That testimony adduced at the hearing, upon Byrd-Frost, Inc.'s application in this case, shows that within the confines of the proposed extension of boundaries, and since the establishment of such Largo (Mesaverde) pool, producing wells have been completed in:

T. 29 N. R. 8 W
SW/4 Section 17 (Billie D. Day)

NE/4 section 22 (H.E. Roeloffs No. 1)

T. 28 N. R. 7 W
NE/4 section 33

all producing from Cliff House and/or Point Lookout in the Mesaverde formation.

4. That applicant testimony is that it is presently completing

T. 29 N, R. 8 W
SW/4 section 19 (J. F. Huges No. 1), in the Mesaverde formation, and have made locations, with entire confidence of encountering Mesaverde production, as follows:

T. 28 N, R. 8 W
NE/4 section 17, and
SW/4 section 16

IT IS THEREFORE ORDERED: That the boundaries of the Largo pool, heretofore created by Order No. 214, effective April 27, 1950, be and the same hereby are extended to include not only its original boundaries of:

T. 28 N, R. 8 W
Sections 33 and 34

T. 27 N, R. 8 W
Sections 3 and 4,

but in addition thereto, the following lands:

T. 29 N, R. 8 W
Sections 1 to 36, inclusive

T. 29 N, R. 7 W
Sections 28, 29, 30, 31, 32, and 33

T. 28 N, R. 7 W
Short sections 7, 8, 9, and 10
Sections 15, 16, 17, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31, 32, 33, and 34

T. 28 N, R. 8 W
Short sections 7, 8, 9, 10, 11, 12
Sections 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 26, 27, and 28, 35 and 36

IT IS THEREFORE ORDERED: That the spacing pattern for the pool as hereby established be and the same hereby is fixed as 320 acres for Mesaverde production, and with orthodox locations in the centers of the respective northeast quarters and the southwest quarters of each included section, with a 200- foot tolerance. Unorthodox locations may be authorized after notice of hearing, upon proper applications duly filed with the Commission, and

IT IS FURTHER ORDERED: That jurisdiction of this case be retained by the Commission for the purpose of changing by reducing or extending the designated area and for other pertinent purposes as facts may be further disclosed by exploration and development.

DONE AT Santa Fe, New Mexico, this 20th day of April, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, MEMBER

R. R. SPURRIER, Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

No appeal - (continuation)

IN THE MATTER OF THE APPLICATION OF
STANOLIND OIL AND GAS COMPANY FOR
THE AMENDMENT OF ORDER NO. R-110
RELATING TO THE BLANCO-MESAVERDE
POOL, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 330
ORDER NO. R-128

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at 10 a. m. on the 18th day of December 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the"Commission."

NOW, on the 6th day of March 1952, the Commission, a quorum being present, having considered the testimony adduced and the exhibits introduced in evidence and arguments presented, and being fully advised in the premises,

FINDS:

(1) That due notice having been given according to law, and all interested parties having appeared, the Commission has jurisdiction of this cause, and the subject matter thereof.

(2) That the evidence adduced fails to show that production within the pool, at this time, has approached demand necessitating the establishment of proration of production.

(3) That this case should be continued for such a time as may be required for operators in the pool to ascertain the deliverability of production from wells, and for the preparation of information (such as decline curves, etc.) upon which proration of production within the Blanco-Mesaverde Pool could be set up and established as a basis of experience.

IT IS THEREFORE ORDERED:

(1) That extension of the Blanco-Mesaverde Pool boundary will be considered in Case 331, pending before the Commission.

(2) That application for proration in the Blanco-Mesaverde Pool is pending presentation of further evidence.

IT IS FURTHER ORDERED:

That this case be and it hereby is continued and that a further hearing be held at the regularly advertised December 1952 hearing of the Commission, at which time evidence will be heard with reference to interim production experience in said pool.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.
STATE OF NEW MEXICO, OIL CONSERVATION COMMISSION (Signed by: EDWIN L. MECHEM, Chairman; GUY SHEPARD, Member; R. R. SPURRIER, Secretary.

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

Appeal of order dismissed by it on its own terms.

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 330
Order No. R-128-A

THE APPLICATION OF STANOLIND OIL
AND GAS COMPANY FOR THE AMENDMENT
OF ORDER NO. R-110 RELATING TO THE
BLANCO-MESAVERDE POOL, SAN JUAN
AND RIO ARRIBA COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at 9 o'clock a.m. on September 17, 1953 after numerous previous hearings and continuations for additional studies and information.

NOW, on this 10th day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced, the motions and statements of the several interested parties, and being fully advised in the premises,

FINDS:

(1) That due notice has been given as required by law, and the interested parties have appeared in person or by attorney.

(2) That under certain represented engagements and agreements between gas purchasers in the Blanco-Mesaverde Pool, a program has been initiated in said pool as of September 1, 1953, designed to bring about ratable withdrawal from the wells and areas therein, the prevention of waste by drainage, and thus the protection of correlative rights.

(3) That the Commission is unable to appraise the project, in the absence of detailed information, copies of agreements, and monthly production information covering each producing well in such pool, for the calendar year 1953.

IT IS THEREFORE ORDERED:

(1) That the applicant, Stanolind Oil and Gas Company, Southern Union Gas Company, Southern Union Gathering Company, and El Paso Natural Gas Company, or either or all of them, on or before December 1, 1954, provide the Commission with a true copy of each and all agreements negotiated between the purchasing companies represented as beginning September 1, 1953, and designed to provide equitable with-drawal of gas from all wells in the Blanco-Mesaverde Pool.

(2) That the applicant, Stanolind Oil and Gas Company, Southern Union Gas Company, Southern Union Gathering Company, and El Paso Natural Gas Company, or either or all of them, shall prior to March 1, 1954, provide the Commission with production figures of each producing well in said pool by months beginning January 1, 1953, and ending December 31, 1953.

(3) That the applicant and all purchasing companies in the Blanco-Mesaverde Pool are hereby ordered to appear at the regularly advertised Commission hearing for the month of April 1954 and show cause why a final order based upon the record, the information required herein, and additional testimony, if any, should not be issued and filed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 330
Order No. R-128-B

THE APPLICATION OF STANOLIND OIL AND GAS COMPANY FOR THE AMENDMENT OF ORDER R-110 RELATING TO THE BLANCO-MESAVERDE POOL, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

nunc pro tunc - (now for then) date for providing info. to Commission

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order No. R-128-A heretofore entered in this cause is not a correct memorial of the judgment as rendered and announced by the Commission under date of November 10, 1953, by reason of clerical error, in that the order read as follows:

"It Is Therefore Ordered:

(1) That the applicant, Stanolind Oil and Gas Company, Southern Union Gas Company, Southern Union Gathering Company, and El Paso Natural Gas Company, or either or all of them, on or before December 1, 1954, provide the Commission with a true copy of each and all agreements negotiated between the purchasing companies represented as beginning September 1, 1953, and designed to provide equitable withdrawal of gas from all wells in the Blanco-Mesaverde Pool."

when it should have read as shown below:

"It Is Therefore Ordered:

(1) That the applicant, Stanolind Oil and Gas Company, Southern Union Gas Company, Southern Union Gathering Company, and El Paso Natural Gas Company, or either or all of them, on or before February 1, 1954, provide the Commission with a true copy of each and all agreements negotiated between the purchasing companies represented as beginning September 1, 1953, and designed to provide equitable withdrawal of gas from all wells in the Blanco-Mesaverde Pool."

IT IS THEREFORE ORDERED:

That Order R-128-A heretofore entered by this Commission in the above-entitled cause on November 10, 1953, be and the same hereby is corrected to conform

to the actual judgment as rendered by the Commission by correcting and modifying above-stated Section (1) of the order portion to show the date of February 1, 1954, instead of December 1, 1954, and said Order R-128-A in all other respects is hereby ratified and confirmed; and

IT IS FURTHER ORDERED: That this order correcting the record of said order be entered nunc pro tunc as of the 10th day of November, 1953, that being the date when said Order R-128-A was originally made and entered.

DONE this 17th day of December, 1953, at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

Dismissed

CASE NO. 1002
Order No. R-760

IN THE MATTER OF THE APPLICATION OF THE OIL CONSERVATION COMMISSION OF NEW MEXICO, UPON ITS OWN MOTION FOR AN ORDER REVISING THE PROVISIONS OF RULE 1 (a) OF SECTION 15 "GAS PRORATION AND ALLOCATION" OF THE SPECIAL RULES AND REGULATIONS FOR THE BLANCO-MESAVERDE GAS POOL, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO AS SET FORTH IN ORDER NO. R-128-D.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 19, 1956 and again on February 15, 1956 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 14th. day of March 1956, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That an appearance was made in this case on the aforementioned date by the Commission through its attorney who moved that the case be dismissed.

(3) That the case should therefore be dismissed.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission of New Mexico upon its own motion for an order revising the provisions of

Rule 1 (a) of Section 15 of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, San Juan and Rio Arriba Counties, New Mexico, as set forth in Order R-128-D, be and the same is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 1124
Order No. R-901

APPLICATION OF PACIFIC NORTHWEST PIPELINE CORPORATION FOR AN ORDER EXTENDING THE TIME LIMITS SET FOR MAKING DELIVERABILITY TESTS FOR APPROXIMATELY 125 GAS WELLS IN THE BLANCO-MESAVERDE GAS POOL LOCATED IN SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO AS REQUIRED BY ORDER R-333-C AND D, AND FOR THE ASSIGNMENT OF ALLOWABLES TO SAID WELLS IN EXCEPTION TO ORDER R-128-D.

terminated by its own terms.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on August 8, 1956, at Aztec, New Mexico, before Warren W. Mankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26th day of October, 1956, the Commission, a quorum being present, having considered the application, the evidence adduced, the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, by the evidence adduced, has shown the need and justification for granting exceptions to Section B, Sub-Section I, Paragraph A, and Section B, Sub-Section I, Paragraph B of Order R-333-C and D, as well as Rules 5 and 9 of Order R-128-D insofar as these rules apply to the period of time in which deliverability tests shall be accomplished and the sequence in the testing procedure where the 7-day shut-in pressure shall be measured when accomplishing annual deliverability tests.

IT IS THEREFORE ORDERED:

1. That the applicant shall be exempt from provisions of Section B, Sub-Section I, Paragraph A, Part 1, of Order R-333-C and D and may accomplish deliverability tests on newly connected wells required thereby at any time during the year 1956.

2. That the applicant shall be exempt from the provisions of Section B, Sub-Section I, Paragraph B, fourth subparagraph of Order R-333-C and D, to allow the applicant to use the 7-day shut-in pressure taken in the process of completing the wells for calculating the deliverability of the wells. This exception shall be applicable for all wells connected to the applicant's transportation facility during the year 1956.

3. That the deliverability tests accomplished by using the exceptions provided for in paragraphs 1 and 2 above will be accepted by the Commission as annual 1956 deliverability tests.

4. That the deliverability tests required in Rule 5 of Order 128-D may be accomplished as provided for in paragraphs 1 and 2 above.

5. That all wells connected to the applicant's transportation facilities during the year 1956 to be excepted from the provisions of Paragraph (c) of Rule 9, Order R-128-D.

6. That the allowable for all wells connected to the applicant's transportation facilities prior to 7:00 o'clock a.m. November 1, 1956 shall commence as of that time, or at such time as the requirements of Paragraph (b) of Rule 9, Order R-128-D have been met; whichever date is later.

7. That the allowable for all wells connected to the applicant's transportation facilities after 7:00 o'clock a.m. November 1, 1956 and before January 1, 1957 shall commence as provided in Paragraph (a) and (b) of Rule 9, Order R-128-D.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

Special application - no hearing of protests.

CASE NO. 1201
Order No. R-954

APPLICATION OF PACIFIC NORTHWEST PIPELINE CORPORATION FOR AN ORDER EXCEPTING CERTAIN WELLS IN THE BLANCO-MESAVERDE GAS POOL, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO FROM THE REQUIREMENT OF ANNUAL DELIVERABILITY TESTS FOR 1956 IN EXCEPTION TO ORDER R-333-C AND D; OR IN THE ALTERNATIVE TO EXTEND THE PROVISIONS OF ORDER 901 TO MARCH 1, 1957.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock a.m. on January 24, 1957 at Aztec, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26th day of February, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Warren W. Mankin, 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 case and the subject matter thereof.

(2) That the applicant has shown, by the evidence submitted, the need and justification for exceptions to Section A, Sub-section II, and Section A, Sub-section III, Part (A) paragraph 3 of Order R-333-C and D, insofar as these rules apply to the requirements of annual deliverability tests for the year 1956.

(3) That the exception should be applicable to all wells connected to Pacific Northwest Pipeline Corporation's gas transmission system during 1956.

IT IS THEREFORE ORDERED:

1. That the application of Pacific Northwest Pipeline Corporation to exempt the sixty-seven (67) wells which were connected to its transportation facilities prior to November 1, 1956, from the requirement of an annual deliverability test for 1956 as provided for in Section A, Sub-section II and Section A, Sub-section III Part (A), paragraph 3 of Order R-333-C and D, be and the same is hereby granted.

2. That initial deliverability tests must be filed in accordance with Section A, Sub-section I, Part (A) of Order R-333-C and D for all wells which did not have an annual deliverability test in 1956.

3. That initial deliverability tests filed in accordance with Paragraph (2) above shall be accepted by the Commission for proration purposes in lieu of the annual tests, provided such tests were made before January 1, 1957.

4. That all wells tested in accordance with paragraph (2) above shall be assigned allowables in accordance with New Mexico Oil Conservation Commission Order R-901.

5. That the 67 wells which the applicant states were connected prior to November 1, 1956 shall have their 1957 annual tests become effective for assigning allowables on the first day of the month following the reporting of such test.

6. That the applicant shall furnish to the Commission's Santa Fe and Aztec Offices within 30 days after date of this order, a list of the 67 wells which were connected before November 1, 1956.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

S E A L

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

Consolidated (CASE NO. 1295
(CASE NO. 1296
Order No. R-1044

APPLICATION OF SOUTHERN UNION GAS
COMPANY AND SOUTHERN UNION GATHERING
COMPANY FOR THE SUSPENSION FOR A
PERIOD OF NOT LESS THAN SIX MONTHS
OF THE CANCELLATION OF UNDERPRODUCTION
IN THE SIX PRORATED GAS POOLS IN SAN
JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

no longer in effect; by its own terms (6 mo. order)

APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS OWN
MOTION FOR THE SUSPENSION FOR A PERIOD
OF NOT LESS THAN SIX MONTHS OF THE OVERAGE
SHUT-IN PROVISIONS OF THE SPECIAL RULES
AND REGULATIONS FOR THE SIX PRORATED GAS
POOLS IN SAN JUAN AND RIO ARRIBA COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 15, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of September, 1957, the Commission, a quorum being present, having considered the testimony and the evidence adduced, 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 Cases 1295 and 1296 were consolidated for purposes of hearing and order by agreement between all the interested parties therein.

(3) That there are a great number of wells to which Southern Union Gas Company and Southern Union Gathering Company are connected in the Aztec-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, West Kutz-Pictured Cliffs, South Blanco-Pictured Cliffs, Ballard-Pictured Cliffs, and the Blanco Mesaverde Gas Pools in San Juan and Rio Arriba Counties,

New Mexico, which wells have accumulated large volumes of gas allowables which have remained unproduced and are subject to cancellation as of August 1, 1957.

(4) That the accumulation of underproduction has been due to the rapid increase in the number of gas wells on acreage under contract to Southern Union Gas Company and Southern Union Gathering Company and the increased demand for gas by the other pipelines in the affected pools.

(5) That Southern Union Gas Company and Southern Union Gathering Company have made application to the Federal Power Commission for authority to sell large volumes of gas to another pipeline in the area which authority, if granted, will enable Southern Union Gas Company and Southern Union Gathering Company to produce all or a large portion of the accumulated underproduction which is presently subject to cancellation.

(6) That unless the cancellation of underproduction is suspended the affected operators will be denied the opportunity to produce their fair share of the gas reserves in the aforementioned prorated gas pools.

(7) That all other operators in said gas pool should have the same opportunity to produce their accumulated underproduction which is subject to cancellation August 1, 1957.

(8) That the overage shut-in provisions of the Special Rules and Regulations for each of the above-named prorated gas pools, should also be suspended in order to enable the affected gas transporters to supply the market demand for gas from said pools; provided however, that any well which is overproduced an amount equaling six times its monthly allowable should be shut in during that month and each succeeding month until the well is overproduced less than six times its current monthly allowable.

(9) That the period of suspension should terminate January 31, 1958.

IT IS THEREFORE ORDERED:

(1) That the provisions of Rules 6 and 7 of Order R-128-D and Rules 11 and 12 of Orders R-565-C, R-566-D and R-846, be and the same are hereby suspended for a period of six months, commencing August 1, 1957, and ending January 31, 1958; provided however, that any well which is overproduced an amount equaling six times its monthly allowable shall be shut in during that month and each succeeding month until the well is overproduced less than six times its current monthly allowable.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman
MURRAY E. MORGAN, Member
A. L. PORTER, Jr., Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 1272
Order No. R-1055

APPLICATION OF EL PASO NATURAL GAS COMPANY FOR THE TRANSFER AND/OR NON-CANCELLATION AND REINSTATEMENT OF ALLOWABLES FOR WELLS PREVIOUSLY INVOLVED IN MAXIMUM PRESSURE BUILD-UP TESTS IN THE BLANCO MESAVERDE AND BALLARD-PICTURED CLIFFS GAS POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on June 25, 1957, at Farmington, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of September, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner Warren W. Mankin, 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, El Paso Natural Gas Company, commenced maximum pressure build-up tests on the following named wells in the years 1955 and 1956:

WELL NAME	LOCATION OF WELLS			
Fields No. 1 Well	N/2	25 - 32	North	11 West
Jacques Pool Unit No. 1 Well	S/2	26 - 31	North	9 West
Mansfield No. 4 Well	E/2	29 - 30	North	9 West
Mudge No. 5 Well	W/2	3 - 31	North	11 West
Pierce Federal No. 1 Well	W/2	17 - 30	North	9 West
Hargraves No. 2 Well	SE/4	9 - 27	North	10 West
Fields No. 5 Well	W/2	28 - 32	North	11 West
Gramtling No. 3 Well	W/2	22 - 29	North	9 West

WELL NAME (Continued)	LOCATION OF WELLS			
Howell "D" No. 2 Well	W/2	29 - 31	North	8 West
Howell "E" No. 2 Well	E/2	14 - 30	North	8 West
Prichard No. 2-1 Well	E/2	34 - 31	North	9 West
San Juan 30-6 Wilson No. 6 Well	W/2	35 - 30	North	7 West
Zachary No. 1 Well	S/2	25 - 31	North	11 West
Lindsay "A" No. 1 Well	E/2	19 - 30	North	8 West
Day "A" No. 4 Well	W/2	8 - 29	North	8 West
Ballard No. 2-14	NW/4	14 - 26	North	9 West

(3) That all the above-described tests have been completed.

(4) That El Paso Natural Gas Company by this application seeks an order of the Commission reinstating certain underage which was cancelled on six of the aforementioned wells on February 1, 1957 and further, authorizing the non-cancellation of underage accrued to all of the aforementioned wells until February 1, 1958, and further, authorizing the transfer of the allowables accrued to said wells to other wells on the same basic lease.

(5) That the reinstatement of underage which has been cancelled and redistributed in accordance with the applicable pool rules would be unfair to the other operators in the pool in that it would reduce the amount of gas which each of said operators would be permitted to produce from a common source of supply.

(6) That it is not necessary to specifically authorize the non-cancellation of underage presently accrued to the aforementioned wells since the Commission has by Order No. R-1044 suspended the cancellation of underage in all the pools affected by this application until February 1, 1958.

(7) That the transfer of the allowables accrued to the aforementioned wells should not be authorized since all of the tests have already been completed and all of said wells are back on production.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company for the reinstatement of cancelled underage and for the transfer and/or non-cancellation of allowables for the following named wells which have been previously involved in maximum pressure build-up tests in the Blanco Mesaverde and Ballard-Pictured Cliffs Gas Pools, be and the same is hereby denied:

WELL NAME	LOCATION OF WELLS			
Fields No. 1 Well	N/2	25 - 32	North	11 West
Jacques Pool Unit No. 1 Well	S/2	26 - 31	North	9 West
Mansfield No. 4 Well	E/2	29 - 30	North	9 West
Mudge No. 5 Well	W/2	3 - 31	North	11 West
Pierce Federal No. 1 Well	W/2	17 - 30	North	9 West

WELL NAME (Continued)	LOCATION OF WELLS			
Hargraves No. 2 Well	SE/4	9 - 27 North	10 West	
Fields No. 5 Well	W/2	28 - 32 North	11 West	
Grambling No. 3 Well	W/2	22 - 29 North	9 West	
Howell "D" No. 2 Well	W/2	29 - 31 North	8 West	
Howell "E" No. 2 Well	E/2	14 - 30 North	8 West	
Prichard No. 2-1 Well	E/2	34 - 31 North	9 West	
San Juan 30-6 Wilson No. 6 Well	W/2	35 - 30 North	7 West	
Zachary No. 1 Well	S/2	25 - 31 North	11 West	
Lindsay "A" No. 1 Well	E/2	19 - 30 North	8 West	
Day "A" No. 4 Well	W/2	8 - 29 North	8 West	
Ballard No. 2-14	NW/4	14 - 26 North	9 West	

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 1271
Order No. R-1056

APPLICATION OF EL PASO NATURAL GAS COMPANY FOR AN ORDER AUTHORIZING THE NON-CANCELLATION AND/OR TRANSFER OF ALLOWABLE FOR A WELL CURRENTLY INVOLVED IN A MAXIMUM PRESSURE BUILD-UP TEST IN THE BLANCO MESAVERDE GAS POOL IN SAN JUAN COUNTY, NEW MEXICO.

no longer in effect by its own terms.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on June 25, 1957, at Farmington, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of September, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner Warren W. Mankin, 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 case and the subject matter thereof.

(2) That the applicant, El Paso Natural Gas Company commenced a maximum pressure build-up test on June 8, 1956 on its Sunray No. 2-A Well located in the NE/4 of Section 10, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, which test is still in progress.

(3) That El Paso Natural Gas Company by this application seeks an order of the Commission authorizing the non-cancellation of allowables presently accrued and hereafter accruing to the said Sunray No. 2-A Well during the test period, until the end of the proration period following the proration period during which the test is completed, and further, authorizing the transfer of said allowables to other wells on the same basic lease.

(4) That the applicant's request for non-cancellation allowables should be granted since the aforementioned test will furnish valuable reservoir information on the Blanco Mesaverde Gas Pool.

(5) That it is not possible to authorize a transfer of allowables in this case since there are no other wells on the same basic lease.

(6) That El Paso Natural Gas Company should report to the Commission the results of the maximum pressure build-up test on its said Sunray No. 2-A Well within a reasonable time after the test is completed.

IT IS THEREFORE ORDERED:

That the application of El Paso Natural Gas Company for the non-cancellation of allowables presently accrued and hereafter accruing to its Sunray No. 2-A Well, located in the NE/4 of Section 10, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, during the maximum pressure build-up test period, until the end of the proration period following the proration period during which the test on said well is completed, be and the same is hereby approved, provided a report of the results of the maximum pressure build-up test is submitted to the Commission by El Paso Natural Gas Company within a reasonable time after said test is completed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 1270
Order No. R-1065

APPLICATION OF EL PASO NATURAL GAS COMPANY FOR AN ORDER AUTHORIZING MAXIMUM PRESSURE BUILD-UP TESTS AND FOR THE NON-CANCELLATION AND/OR TRANSFER OF ALLOWABLES FOR WELLS INVOLVED IN SUCH TESTING PROGRAM IN CERTAIN GAS POOLS IN SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

NSP approved for one year

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m., on June 25, 1957, at Farmington, New Mexico, before Warren W. Mankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd day of October, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Warren W. Mankin, 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, El Paso Natural Gas Company, seeks an order approving maximum pressure build-up tests on 26 gas wells in the Blanco Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, and the South Blanco-Pictured Cliffs Gas Pools in San Juan and Rio Arriba Counties, New Mexico, and further authorizing the non-cancellation and/or transfer of allowables for said wells and for administrative approval for the substitution of other wells for those authorized by this order.

(3) That there is a need for the reservoir information that the proposed maximum pressure build-up tests would provide.

(4) That the proposed tests would not cause waste nor violate correlative rights.

(5) That the proposed tests should be authorized.

(6) That all shut-in wells should be excepted from the requirements of Order R-333-C and D during the time that maximum pressure build-up tests are being conducted.

(7) That any shut-in well which has not been assigned an allowable prior to the effective date of this order should be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

(8) That the applicant should be permitted to transfer the allowable which accrues to the shut-in well during the test to certain other wells on the same basic lease; and further, that any such allowable which is not so transferred should be considered to have accrued on the date the test is completed.

(9) That the underage and overage balancing provisions of Rules 6 and 7 of Order R-128-D, Rules 11 and 12 of Order R-565-C and R-846, as all of said rules are amended by Order R-967, should be suspended for all affected shut-in and transfer wells until the end of the six-month proration period following the proration period during which the test is completed.

IT IS THEREFORE ORDERED:

1. That authority be and the same is hereby granted to conduct maximum pressure build-up tests on the wells hereinafter designated as a "shut-in well" and to transfer any allowables accruing to said wells during the tests to one or more of the wells designated as a "Transfer Well" for the same test, subject to the provisions of Paragraph 2 of this order:

BLANCO MESAVERDE GAS POOL
TEST MVBU #1

SHUT-IN WELL	TRANSFER WELL
El Paso-Atlantic No. A-5 Unit L, S 26 T31N R 10W	El Paso -Atlantic No. 1-A Unit H, S 27 T31N R10W
	El Paso - Atlantic No. 9-A Unit N, S 27 T31N R10W

TEST MVBU #2

El Paso - Atlantic No. A-8 Unit A, S 29 T31N R10W	El Paso - Atlantic No. 7-A Unit K, S 29 T31N R 10W

	TEST MVBU #3	
El Paso - Barnes No. 7 Unit K, S 23 T32N R11W		None
	TEST MVBU #4	
El Paso - Barrett No. 2 Unit B, S 19 T31N R9W		El Paso-Barrett No. 3 Unit K, S 20 T31N R9W El Paso - Barrett No. 4 Unit A, S 20 T31N R9W
	TEST MVBU #5	
El Paso - Case No. 2 Unit M, S 8 T31N R11W		El Paso - Case No. 1 Unit N, S 5 T31N R11W El Paso - Case No. 4 Unit O, S 18 T31N R11W El Paso - Case No. 3 Unit M, S 17 T31N R11W
	TEST MVBU #6	
El Paso - Gartner No. 2 Unit G, S 28 T30N R 8W		El Paso - Gartner No. 1 Unit N, S 28 T30N R8W El Paso - Gartner No. 5 Unit M, S 27 T30N R8W El Paso - Gartner No. 4 Unit H, S 33 T30N R8W
	TEST MVBU #7	
El Paso - Howell No. A-3 Unit M, S 4 T30N R8W		El Paso - Howell No. 2-A Unit N, S 5 T30N R8W El Paso - Howell No. 1-A Unit G, S 8 T30N R8W El Paso - Howell No. 1-J Unit L, S 3 T30N R8W

TEST MVBU #8

El Paso - Hughes No. 1
Unit M, S 19 T29N R8W

El Paso - Hughes No. 2
Unit A, S 19 T29N R8W

El Paso - Hughes No. 4
Unit M, S 20 T29N R8W

El Paso - Hughes No. 7
Unit M, S 29 T29N R8W

TEST MVBU #9

El Paso - Hughes No. A-3
Unit M, S 27 T29N R8W

El Paso - Hughes No. 5-A
Unit H. S 28 T29N R8W

El Paso - Hughes No. 2-A
Unit B, S 27 T29N R8W

El Paso - Hughes No. 1-A
Unit A, S 33 T29N R8W

El Paso - Hughes No. 4-A
Unit A, S 34 T29N R8W

TEST MVBU #10

El Paso - Jones A No. 4
Unit B, S 13 T28N R8W

El Paso - Jones No. 6-A
Unit H, S 14 T28N R8W

El Paso - Jones No. 5-A
Unit K, S 13 T28N R8W

TEST MVBU #11

El Paso - Lucerne A No. 2
Unit B, S 9 T31N R10W

El Paso - Lucerne No. 3-A
Unit M, S 3 T31N R10W

El Paso - Lucerne No. 4-A
Unit H, S 10 T31N R10W

TEST MVBU #12

El Paso - (SJU 30-6) McElvain No. A-1
Unit A, S 23 T30N R7W

El Paso - McElvain No. 2-A
Unit K, S 23 T30N R7W

El Paso - McElvain No. 3-A
Unit H, S 24 T30N R7W

El Paso - McElvain No. 4-A
Unit K, S 24 T30N R 7W

El Paso - McElvain No. 5-A
Unit A, S 25 T30N R7W

TEST MVBU #13

El Paso - Mudge No. 6
Unit M, S 11 T31N R11W

None

TEST MVBU #14

El Paso - Riddle No. 2
Unit L, S 3 T30N R9W

El Paso - Riddle No. 1
Unit D, S 4 T30N R9W

TEST MVBU #15

El Paso - SJU 28-6 No. 30
Unit A, S 28 T28N R6W

El Paso - SJU 28-6 No. 60
Unit B, S 21 T28N R6W

El Paso - SJU 28-6 No. 61
Unit M, S 21 T 28N R6W

El Paso - SJU 28-6 No. 63
Unit L, S 22 T28N R6W

El Paso - SJU 28-6 No. 31
Unit M, S 28 T28N R6W

El Paso - SJU 28-6 No. 9
Unit M, S 27 T28N R6W

El Paso - SJU 28-6 No. 32
Unit A, S 33 T28N R6W

TEST MVBU #16

El Paso - SJU 28-6 No. 37
Unit K, S 6 T27N R 6W

El Paso - SJU 28-7 No. 34
Unit H, S 1 T27N R7W

El Paso - SJU 28-7 No. 35
Unit L, S 1 T27N R7W

	El Paso - SJU 28-6 No. 36 Unit B, S 6 T27N R6W
	El Paso - SJU 28-6 No. 39 Unit N, S 5 T27N R6W
	El Paso - SJU 28-6 No. 43 Unit A, S 7 T27N R6W
	El Paso - SJU 28-6 No. 54 Unit N, S 7 T27N R6W
TEST MVBU #17	
El Paso - SJU 28-7 No. 56 Unit M, S 13 T28N R7W	El Paso - SJU 28-7 No. 9 Unit M, S 14 T28N R7W
	El Paso - SJU 28-7 No. 50 Unit A, S 23 T28N R7W
	El Paso - SJU 28-7 No. 51 Unit B, S 24 T28N R7W
TEST MVBU #18	
El Paso - Schwerdtfeger No. 2 Unit G, S 27 T31N R9W	None
TEST MVBU #19	
El Paso - Vanderwart No. 5-A Unit H, S 14 T29N R8W	El Paso - Vanderwart No. 1-A Unit A, S 11 T29N R8W
	El Paso - Vanderwart No. 2-A Unit K, S 11 T29N R8W
	El Paso - Vanderwart No. 3-A Unit M, S 13 T29N R8W
AZTEC-PICTURED CLIFFS POOL TEST PCBU #20	
El Paso - Morris No. A-6 Unit L, S 21-T30N R11W	None
BALLARD-PICTURED CLIFFS POOL TEST PCBU #21	

El Paso - McManus No. 10
Unit A, S 4 T25N R8W

El Paso - McManus No. 9
Unit M, S 33 T26N R8W

El Paso - McManus No. 3
Unit J, S 33 T26N R8W

El Paso - McManus No. 13
Unit N, S 4 T25N R8W

El Paso - McManus No. 2
Unit C, S 4 T25N R8W

TEST PCBU #22

El Paso - Quitzau No. 9
Unit M, S 11 T25N R8W

El Paso - Quitzau No. 6
Unit A, S 10 T25N R8W

El Paso - Quitzau No. 10
Unit P, S 10 T25N R8W

El Paso - Quitzau No. 2
Unit F, S 11 T25N R8W

El Paso - Quitzau No. 3
Unit P, S 11 T25N R8W

El Paso - Quitzau No. 8
Unit A, S 11 T25N R8W

TEST PCBU #23

El Paso - Wilson A-1
Unit D, S 32 T26N R8W

El Paso - Wilson 2-A
Unit K, S 32 T26N R8W

FULCHER KUTZ-PICTURED CLIFFS POOL
TEST PCBU #24

El Paso - Omler No. 8
Unit M, S 25 T28N R10W

El Paso - Omler No. 6
Unit B, S 25 T28N R10W

El Paso - Omler No. 7
Unit C, S 25 T28N R10W

El Paso - Omler No. 5
Unit O, S 25 T28N R10W

El Paso -Omler No. 4
Unit B S 36 T28N R10W

El Paso - Omler No. 2
Unit E, S 36 T28N R10W

TEST PCBU #25

El Paso - Rowley No. 4
Unit E, S 17 T27N R10W

El Paso - Rowley No. 2
Unit L, S 8 T27N R10W

El Paso - Rowley No. 3
Unit I, S 7 T27N R10W

El Paso - Rowley No. 5
Unit K, S 17 T27N R10W

El Paso - Rowley No. 6
Unit I, S 18 T27N R10W

El Paso - Pipkin No. 4
Unit A, S 18 T27N R10W

SOUTH BLANCO-PICTURED CLIFFS POOL
TEST PCBU #26

El Paso - Rincon No. 40
Unit H, S 26 T27N R7W

El Paso - Rincon Unit No. 22
Unit K, S 23 T27N R 7W

El Paso - Rincon Unit No. 37
Unit K, S 26 T27N R7W

El Paso - Rincon Unit No. 38
Unit P, S 26 T27N R7W

El Paso - Rincon Unit No. 39
Unit F, S 26 T27N R7W

El Paso - Rincon Unit No. 18
Unit F, S 35 T27N R7W

El Paso - Rincon Unit No. 41
Unit A, S 35 T27N R7W

(2) That any operator desiring an allowable transfer as authorized above shall submit a request for the same to the Commission setting out the amount of allowable which he proposes to transfer and the name and location of the well or

wells which are to receive the same. Such transfers must be to wells on the same basic lease as the shut-in well. If the proposed transfer is approved by the Commission, the transfer shall be effected upon completion of the test or upon receipt of the deliverability test for the shut-in well, whichever date is later.

(3) That the underage and overage provisions of Rules 6 and 7 of Order R-128-D and Rules 11 and 12 of Order R-565-C and R-846, as all of said orders are amended by Order R-967, shall be suspended for all affected shut-in and transfer wells listed herein insofar as concerns any overage or underage accrued to such wells at the time a test is commenced; provided, however, that said wells shall be subject to the provisions of the aforementioned rules after the end of the six-month proration period following the proration period during which the test is completed, and further, that any allowable which accrues to a shut-in well during a test which is not transferred as provided for in Paragraph 2 above shall be considered to have accrued to said shut-in well on the date the test is completed.

(4) That any transfer well which has not been connected to a transportation facility at the beginning of the test shall have its allowable assigned in accordance with the applicable proration order.

(5) That any shut-in well which has not been assigned an allowable prior to the effective date of this order shall be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

If, however, the shut-in well has not been connected to a transportation facility at the beginning of the test its allowable shall begin on the date when the well would have delivered gas into a transportation facility had the well not been shut-in, such date to be determined from an affidavit by the gas purchaser.

(6) That all shut-in wells be and the same are hereby excepted from the requirements of Order R-333-C and D until the date of first delivery of gas into a gas transportation facility after the completion of the test.

(7) That the Commission be and the same is hereby authorized to administratively approve the substitution of wells designated to participate in any of the tests listed in this order, provided that no well shall be designated as a transfer well which is not on the same basic lease as the shut-in well.

(8) That in order to establish the starting date of any maximum pressure build-up test listed in this order, the operator shall notify the Santa Fe and Aztec offices of the Commission at the time the well is shut-in and padlocked, which date shall be the starting date of the maximum pressure build-up tests. Provided, that any test started before the date of this order on which the operator can furnish adequate proof that the well has not been blown to the air or produced in any manner, may have the starting date of the test begin as of the date of the shutting-in of the test well.

(9) That the shut-in well on all tests listed in this order shall be padlocked in such a manner so as to definitely prevent the opening of any valve except during the taking of the pressure readings.

(10) That the results of all pressure readings on the above-described tests shall be filed with the Commission's Aztec and Santa Fe offices within a reasonable time after the completion of the last test authorized herein. This data shall be filed in both tabular and graphic form and shall show the date that the test well was shut-in, the date and the pressure at each pressure reading, and the length of time that the well was shut-in prior to each reading. The graph shall depict the pressure build-up in pounds per square inch absolute plotted against shut-in time in days.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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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. 1359
Order No. R-1115

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN ORDER EXTENDING THE
TIME ALLOWED FOR MAKING ANNUAL
DELIVERABILITY AND SHUT-IN PRESSURE
TESTS, AND REQUESTING ALLOWABLES
FOR 237 GAS WELLS IN SAN JUAN AND
RIO ARRIBA COUNTIES, NEW MEXICO.

terminated by its own terms

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 7, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 22nd. day of January, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced. and the recommendations of the Examiner, Daniel S. Nutter, 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 El Paso Natural Gas Company has made the subject application on behalf of its self and certain other operators connected to its gas transportation facilities for an extension until March 1, 1958, of the time allowed for taking and reporting the 1957 annual deliverability and shut-in pressure tests required by Order No. R-333-C and D on 237 gas wells in the Blanco Mesaverde, Fulcher Kutz-Pictured Cliffs, West Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, South Blanco-Pictured Cliffs, Ballard-Pictured Cliffs, Otero-Pictured Cliffs, Canyon Largo-Pictured Cliffs, Tapacito-Pictured Cliffs, East Companero Dakota, West Kutz-Fruitland, North Los Pinos-Fruitland, and the South Los Pinos-Fruitland Gas Pools and certain undesignated gas pools in San Juan and Rio Arriba Counties, New Mexico.

(3) That all of the above-referenced wells should have had annual deliverability and shut-in pressure tests taken during the 1957 testing period but that the unusually high demand for gas from the aforementioned pools made it necessary to produce the said wells in order to supply the market demand for gas.

(4) That all of said wells for which either initial or annual deliverability tests were filed prior to January 1, 1958, should be assigned an allowable for the month of February, 1958, on the basis of said tests; provided however, that said allowables should be adjusted retroactively to February 1, 1958, to conform to the new tests when the same are filed.

IT IS THEREFORE ORDERED:

(1) That all wells listed on Exhibit "A", attached hereto and made a part hereof, be and the same are hereby granted an extension until March 1, 1958, of the time allowed for taking and reporting the 1957 annual deliverability and shut-in pressure tests required by Rule II Section A of Order No. R-333-C and D.

(2) That all of said wells for which either initial or annual deliverability tests were filed prior to January 1, 1958, be assigned an allowable for the month of February, 1958, on the basis of said tests; provided however, that said allowables shall be adjusted retroactively to February 1, 1958, to conform to the new tests when the same are filed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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Case 1359
Order No. R-1115

EXHIBIT "A"

AREA NO. 26

On Conditioning Period Dec. 9 - Dec. 23
On Flow Period Dec. 23 - Dec. 31
On Shut-In Period Dec. 31 - Jan. 7

Name and Number	Location	Company	Formation	Field
Bond Pool Unit No. 1	SW 15-32-10	El Paso Natural Gas	MV	Blanco
Brown No. 1	SW 9-32-10	El Paso Natural Gas	MV	Blanco
Heizer Pool Unit No. 1	NE 15-32-10	El Paso Natural Gas	MV	Blanco
Lucerne No. 3-A	SW 3-31-10	El Paso Natural Gas	MV	Blanco
Randleman Pool Unit No. 1	NE 26-31-11	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 9	NW 25-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 34	SW 35-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 38	NE 35-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 5	NE 34-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 6	SW 4-31-10	El Paso Natural Gas	MV	Blanco
Scott No. 7	NE 3-31-10	El Paso Natural Gas	MV	Blanco
Stull Pool Unit No. 1	SW 10-32-10	El Paso Natural Gas	MV	Blanco
Maxey No. 1	NE 24-29-12	Aikman	PC	Fulcher Kutz
Jicarilla No. 1-13	SW 13-24-5	Blackford	PC	Otero
Jicarilla No. 1-23	NW 23-24-5	Blackford	PC	Otero
Bruington Pool Unit No. 1	SW 28-29-10	Harvey	PC	Aztec
Beardon No. 1	NW 19-29-10	McKay & Payne	Fruit.	Wildcat
"C" Unit No. 9-30	SW 30-26-4	Northwest Production	PC	Wildcat
"E" Unit No. 5-28 (M)	SW 28-26-3	Northwest Production	MV	Blanco
"E" Unit No. 14-10 (P)	NE 10-26-3	Northwest Production	PC	Wildcat
Jicarilla No. 1	NW 33-26-5	Ohio	PC	South Blanco
E. E. Elliott No. B-1	SW 27-30-9	Pan American	MV	Blanco
Elliott Gas Unit No. C-1	NE 9-30-9	Pan American	MV	Blanco
San Juan 29-5 Unit No. 10-16	SW 16-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 15-20	NE 20-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 19-6	NE 6-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 24-17	NE 17-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 30-28	SW 28-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 36-33	SW 33-29-5	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 3-25	SW 25-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 20-8	SW 8-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 26-13	SW 13-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 27-23	SW 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 28-24	SW 24-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 40-23	NE 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 55-18	SW 18-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 56-23	SW 33-29-6	Pacific Northwest	MV	Blanco
San Juan 30-5 Unit No. 5-30	NE 30-30-5	Pacific Northwest	MV	Blanco
Elliott Gas Unit No. G-1	SW 33-30-9	Pan American	MV	Blanco
Koch State No. 1 (P)	NE 36-29-9	Aztec Oil & Gas	PC	Wildcat
Goode No. 1	SE 18-30-11	J. Juan Moya	PC	Aztec
Hubbard No. 1	SW 4-30-11	J. Juan Moya	PC	Aztec
San Juan 29-6 No. 25-32	NE 32-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 No. 32-11	SW 11-29-6	Pacific Northwest	MV	Blanco
Daum No. 4 (P)	NE 32-28-9	El Paso Natural Gas	PC	Aztec

Case 1359
Order No. R-1115

EXHIBIT "A"

AREA NO. 26

On Conditioning Period Dec. 9 - Dec. 23
On Flow Period Dec. 23 - Dec. 31
On Shut-In Period Dec. 31 - Jan. 7

Name and Number	Location	Company	Formation	Field
Bond Pool Unit No. 1	SW 15-32-10	El Paso Natural Gas	MV	Blanco
Brown No. 1	SW 9-32-10	El Paso Natural Gas	MV	Blanco
Heizer Pool Unit No. 1	NE 15-32-10	El Paso Natural Gas	MV	Blanco
Lucerne No. 3-A	SW 3-31-10	El Paso Natural Gas	MV	Blanco
Randleman Pool Unit No. 1	NE 26-31-11	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 9	NW 25-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 34	SW 35-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 38	NE 35-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 5	NE 34-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 6	SW 4-31-10	El Paso Natural Gas	MV	Blanco
Scott No. 7	NE 3-31-10	El Paso Natural Gas	MV	Blanco
Stull Pool Unit No. 1	SW 10-32-10	El Paso Natural Gas	MV	Blanco
Maxey No. 1	NE 24-29-12	Aikman	PC	Fulcher Kutz
Jicarilla No. 1-13	SW 13-24-5	Blackford	PC	Otero
Jicarilla No. 1-23	NW 23-24-5	Blackford	PC	Otero
Bruington Pool Unit No. 1	SW 28-29-10	Harvey	PC	Aztec
Beardon No. 1	NW 19-29-10	McKay & Payne	Fruit.	Wildcat
"C" Unit No. 9-30	SW 30-26-4	Northwest Production	PC	Wildcat
"E" Unit No. 5-28 (M)	SW 28-26-3	Northwest Production	MV	Blanco
"E" Unit No. 14-10 (P)	NE 10-26-3	Northwest Production	PC	Wildcat
Jicarilla No. 1	NW 33-26-5	Ohio	PC	South Blanco
E. E. Elliott No. B-1	SW 27-30-9	Pan American	MV	Blanco
Elliott Gas Unit No. C-1	NE 9-30-9	Pan American	MV	Blanco
San Juan 29-5 Unit No. 10-16	SW 16-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 15-20	NE 20-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 19-6	NE 6-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 24-17	NE 17-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 30-28	SW 28-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 36-33	SW 33-29-5	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 3-25	SW 25-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 20-8	SW 8-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 26-13	SW 13-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 27-23	SW 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 28-24	SW 24-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 40-23	NE 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 55-18	SW 18-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 56-23	SW 33-29-6	Pacific Northwest	MV	Blanco
San Juan 30-5 Unit No. 5-30	NE 30-30-5	Pacific Northwest	MV	Blanco
Elliott Gas Unit No. G-1	SW 33-30-9	Pan American	MV	Blanco
Koch State No. 1 (P)	NE 36-29-9	Aztec Oil & Gas	PC	Wildcat
Goode No. 1	SE 18-30-11	J. Juan Moya	PC	Aztec
Hubbard No. 1	SW 4-30-11	J. Juan Moya	PC	Aztec
San Juan 29-6 No. 25-32	NE 32-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 No. 32-11	SW 11-29-6	Pacific Northwest	MV	Blanco
Daum No. 4 (P)	NE 32-28-9	El Paso Natural Gas	PC	Aztec

Case 1359
Order No. R-1115

EXHIBIT "A"

AREA NO. 26

On Conditioning Period Dec. 9 - Dec. 23
On Flow Period Dec. 23 - Dec. 31
On Shut-In Period Dec. 31 - Jan. 7

Name and Number	Location	Company	Formation	Field
Bond Pool Unit No. 1	SW 15-32-10	El Paso Natural Gas	MV	Blanco
Brown No. 1	SW 9-32-10	El Paso Natural Gas	MV	Blanco
Heizer Pool Unit No. 1	NE 15-32-10	El Paso Natural Gas	MV	Blanco
Lucerne No. 3-A	SW 3-31-10	El Paso Natural Gas	MV	Blanco
Randleman Pool Unit No. 1	NE 26-31-11	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 9	NW 25-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 34	SW 35-32-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 Unit No. 38	NE 35-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 5	NE 34-32-10	El Paso Natural Gas	MV	Blanco
Scott No. 6	SW 4-31-10	El Paso Natural Gas	MV	Blanco
Scott No. 7	NE 3-31-10	El Paso Natural Gas	MV	Blanco
Stull Pool Unit No. 1	SW 10-32-10	El Paso Natural Gas	MV	Blanco
Maxey No. 1	NE 24-29-12	Aikman	PC	Fulcher Kutz
Jicarilla No. 1-13	SW 13-24-5	Blackford	PC	Otero
Jicarilla No. 1-23	NW 23-24-5	Blackford	PC	Otero
Bruington Pool Unit No. 1	SW 28-29-10	Harvey	PC	Aztec
Beardon No. 1	NW 19-29-10	McKay & Payne	Fruit.	Wildcat
"C" Unit No. 9-30	SW 30-26-4	Northwest Production	PC	Wildcat
"E" Unit No. 5-28 (M)	SW 28-26-3	Northwest Production	MV	Blanco
"E" Unit No. 14-10 (P)	NE 10-26-3	Northwest Production	PC	Wildcat
Jicarilla No. 1	NW 33-26-5	Ohio	PC	South Blanco
E. E. Elliott No. B-1	SW 27-30-9	Pan American	MV	Blanco
Elliott Gas Unit No. C-1	NE 9-30-9	Pan American	MV	Blanco
San Juan 29-5 Unit No. 10-16	SW 16-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 15-20	NE 20-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 19-6	NE 6-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 24-17	NE 17-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 30-28	SW 28-29-5	Pacific Northwest	MV	Blanco
San Juan 29-5 Unit No. 36-33	SW 33-29-5	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 3-25	SW 25-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 20-8	SW 8-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 26-13	SW 13-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 27-23	SW 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 28-24	SW 24-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 40-23	NE 23-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 55-18	SW 18-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 Unit No. 56-23	SW 33-29-6	Pacific Northwest	MV	Blanco
San Juan 30-5 Unit No. 5-30	NE 30-30-5	Pacific Northwest	MV	Blanco
Elliott Gas Unit No. G-1	SW 33-30-9	Pan American	MV	Blanco
Koch State No. 1 (P)	NE 36-29-9	Aztec Oil & Gas	PC	Wildcat
Goode No. 1	SE 18-30-11	J. Juan Moya	PC	Aztec
Hubbard No. 1	SW 4-30-11	J. Juan Moya	PC	Aztec
San Juan 29-6 No. 25-32	NE 32-29-6	Pacific Northwest	MV	Blanco
San Juan 29-6 No. 32-11	SW 11-29-6	Pacific Northwest	MV	Blanco
Daum No. 4 (P)	NE 32-28-9	El Paso Natural Gas	PC	Aztec
Daum No. 4 (M)	NE 32-28-9	El Paso Natural Gas	MV	Blanco
Lindrith Unit No. 15	SE 16-24-3	El Paso Natural Gas	PC	South Blanco
Jicarilla No. 2	SE 33-26-5	Ohio Oil Company	PC	South Blanco
Michener No. 3-A	NW 28-28-9	El Paso Natural Gas	PC	Aztec

Case No. 1359
Order No. R-1115

AREA NO. 27

On Conditioning Period	December 17	- December 31
On Flow Period	December 31	- January 8
On Shut-In Period	January 8	- January 15

Well Name and Number	Location	Company	Formation	Field
Grambling No. 1-C	NE 14-30-10	El Paso Natural Gas	MV	Blanco
Grambling No. 3-C	NE 12-30-10	El Paso Natural Gas	MV	Blanco
Grambling No. 4-C	SW 12-30-10	El Paso Natural Gas	MV	Blanco
Hodge No. 1	NE 5-29-7	El Paso Natural Gas	MV	Blanco
Howell No. 4-B	SW 15-30-7	El Paso Natural Gas	MV	Blanco
Howell No. 5-B	NE 11-30-7	El Paso Natural Gas	MV	Blanco
Howell No. 2-H	SW 14-30-7	El Paso Natural Gas	MV	Blanco
Howell No. 3-H	NE 12-30-7	El Paso Natural Gas	MV	Blanco
Ludwick No. 8	NE 31-30-10	El Paso Natural Gas	MV	Blanco
McCulley No. 2-A	SW 12-30-7	El Paso Natural Gas	MV	Blanco
McElvain No. 1	NE 22-30-7	El Paso Natural Gas	MV	Blanco
Peters No. 1	NE 15-30-7	El Paso Natural Gas	MV	Blanco
Peters No 2	SW 11-30-7	El Paso Natural Gas	MV	Blanco
Riddle No. 2-B	NE 23-30-10	El Paso Natural Gas	MV	Blanco
San Juan No. 11	SW 11-30-10	El Paso Natural Gas	MV	Blanco
San Juan 27-4 No. 3	NE 15-27-4	El Paso Natural Gas	MV	Blanco
San Juan 27-4 No. 5	NE 7-27-4	El Paso Natural Gas	Dak.	E. Comp. Dak
San Juan 27-5 No. 19	SW 20-27-5	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 20 (M)	NE 35-27-5	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 25	SW 3-27-5	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 26 (P)	NE 17-27-5	El Paso Natural Gas	PC	Wildcat
San Juan 27-5 No. 26 (M)	NE 17-27-5	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 27 (P)	SW 26-27-5	El Paso Natural Gas	PC	Wildcat
San Juan 27-5 No. 27 (M)	SW 26-27-5	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 20	SW 12-28-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 39	SW 5-27-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 56	SW 11-28-6	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 63	SW 12-27-7	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 66	NW 8-27-7	El Paso Natural Gas	PC	South Blanco
San Juan 28-7 No. 67	SE 5-27-7	El Paso Natural Gas	PC	South Blanco
San Juan 28-7 No. 68	NE 31-28-7	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 72 (P)	SW 35-28-7	El Paso Natural Gas	PC	Wildcat
San Juan 28-7 No. 72 (M)	SW 35 28-7	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 77	SW 32-28-7	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 78	NE 19-27-7	El Paso Natural Gas	MV	Blanco
San Juan 29-7 No. 53	NE 27-29-7	El Paso Natural Gas	MV	Blanco
San Juan 29-7 No. 58	SW 26-29-7	El Paso Natural Gas	MV	Blanco
Schultz State No. 6-16	SW 16-29-10	El Paso Natural Gas	PC	Aztec
Sellers No. 3-A	SW 30-30-10	El Paso Natural Gas	PC	Aztec
Sunray No. 2-B	SW 1-30-10	El Paso Natural Gas	MV	Blanco
Gartner No. 6	NE 27-30-8	El Paso Natural Gas	MV	Blanco
Howell No. 1-C	NE 1-29-8	El Paso Natural Gas	MV	Blanco
Jones No. 3-A	NE 15-28-8	El Paso Natural Gas	MV	Blanco

Case No. 1359
Order No. R-1115

Area No. 27
Page No. Two

Well Name and Number	Location	Company	Formation	Field
Roelofs No. 1	NE 22-29- 8	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 13	NE 30-27- 5	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 47	NE 20-28- 7	El Paso Natural Gas	MV	Blanco
San Juan 29-6 No. 15-2	SW 7-29- 6	Pacific Northwest	MV	Blanco
Apache No. 4	SW 7-24- 5	Gulf Oil	PC	Otero PC
"C" Unit No. 9-30	SW 30-26- 4	Northwest Production	PC	Wildcat
"E" Unit No. 4-10 (M)	NE 10-26- 3	Northwest Production	MV	Blanco
"E" Unit No. 3-34 (M)	SW 34-26- 3	Northwest Production	MV	Blanco
"E" Unit No. 3-34 (P)	SW 34-26- 3	Northwest Production	PC	Tapacito
"N" Unit No. 8-8 (M)	SW 8-26- 4	Northwest Production	MV	Blanco
Ohio Government No. 1-8	SW 8-31-12	Ohio Oil	MV	Blanco
Ohio Government No. 1-18	NE 18-31-12	Ohio Oil	MV	Blanco
Ohio Government No. 1-20	NE 20-31-12	Ohio Oil	MV	Blanco
Bolack No. 2-B	SW 1-24- 6	El Dorado	PC	Otero
Campbell No. 1	SW 18-27- 8	Petro-Atlas	PC	South Blanco
Hazel Bolack No. 1	SE 10-30-11	Petro-Atlas	PC	Aztec
Jicarilla No. 6	SE 28-26- 5	Ohio Oil	PC	South Blanco
Clark No. 2	SE 5-24- 3	Hickman	PC	South Blanco
Clark No. 6	NE 5-24- 3	Hickman	PC	South Blanco

Case No. 1359
Order No. R-1115

AREA NO. 28

On Conditioning Period	December 25	- January 8
On Flow Period	January 8	- January 16
On Shut-in Period	January 16	- January 23

Well Name and Number	Location	Company	Formation	Field
Abraham No. 1-C	NE 15-30- 6	El Paso Natural Gas	MV	Blanco
Abraham No. 2-X	SW 12-30- 6	El Paso Natural Gas	MV	Blanco
Brookhaven State No. 1	SW 16-31-10	El Paso Natural Gas	MV	Blanco
Brookhaven State No. 2	NE 16-31-10	El Paso Natural Gas	MV	Blanco
Hudson Pool Unit No. 1	SW 17-31-10	El Paso Natural Gas	MV	Blanco
Lucerne No. 1-A	SW 9-31-10	El Paso Natural Gas	MV	Blanco
Lucerne No. 4-A	NE 10-31-10	El Paso Natural Gas	MV	Blanco
Marcotte Pool Unit No. 1	NE 8-31-10	El Paso Natural Gas	MV	Blanco
San Juan 28-5 No. 4	NE 19-28- 5	El Paso Natural Gas	MV	Blanco
San Juan 28-5 No. 22	SW 21-28- 5	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 7	NE 29-28- 6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 72	NE 19-28- 6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 14	SW 32-30- 6	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 13	NE 14-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 21	SW 11-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 22	SW 14-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 25	NE 2-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 43	SW 2-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 44	NE 11-31-10	El Paso Natural Gas	MV	Blanco
San Juan 32-9 No. 45	SW 12-31-10	El Paso Natural Gas	MV	Blanco
Scott No. 4	NE 17-31-10	El Paso Natural Gas	MV	Blanco
Jicarilla No. 148-3	NW 24-25- 5	Pan American	PC	South Blanco
Jicarilla No. 148-8	NW 23-25- 5	Pan American	PC	South Blanco
Rosa Unit No. 9-11	SW 11-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 10-13	SW 13-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 12-15	NE 15-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 16-14	SW 14-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 18-22	NE 22-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 19-24	SW 24-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 20-14	NE 14-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 21-23	SW 23-31- 6	Pacific Northwest	MV	Blanco
Rosa Unit No. 22-18	NE 18-31- 5	Pacific Northwest	MV	Blanco
Rosa Unit No. 23-29	SW 28-31- 5	Pacific Northwest	MV	Blanco
San Juan 27-5 No. 24-32 (P)	NE 32-27- 5	El Paso Natural Gas	PC	Wildcat
San Juan 27-5 No. 24-32 (M)	NE 32-27- 5	El Paso Natural Gas	MV	Blanco
San Juan 28-4 No. 9-32	SW 32-28- 4	Pacific Northwest	MV	Blanco
San Juan 31-6 No. 9-27	NE 27-31- 6	Pacific Northwest	MV	Blanco
San Juan 32-8 No. 5-10	SW 10-31- 8	Pacific Northwest	MV	Blanco
Huerfano No. 22	SW 33-27-10	El Paso Natural Gas	PC	West Kutz
San Juan 32-9 No. 7	SW 32-32- 9	El Paso Natural Gas	MV	Blanco
Canyon Largo No. 1-28	NW 28-25- 6	Superior Oil	PC	Canyon Largo

Case No. 1359
Order No. R-1115

AREA NO. 29

On Conditioning Period — Jan. 2 - Jan. 16
On Flow Period — Jan. 16 - Jan. 23
On Shut-In Period — Jan. 23 - Jan. 30

Name and Number	Location	Company	Formation	Field
Federal Gas Unit No. 1	NE 20-32-12	Pan American	MV	Blanco
W. D. Heath No. B-1	NE 31-30-9	Pan American	MV	Blanco
Holmberg Gas Unit No. 1	NE 28-32-10	Pan American	MV	Blanco
Martinez Gas Unit "A" No. 1	SW 32-30-10	Pan American	MV	Blanco
Navajo Alloted Gas Unit No. B-1	NE 36-28-9	Pan American	MV	Blanco
Cox Canyon No. 4-21	NE 21-32-11	Pacific Northwest	MV	Blanco
Cox Canyon No. 5-21	SW 21-32-11	Pacific Northwest	MV	Blanco
Cox Canyon No. 7-17	NE 17-32-11	Pacific Northwest	MV	Blanco
Cox Canyon No. 8-8	SE 8-32-11	Pacific Northwest	MV	Blanco
Cox Canyon No. 9-20	NE 20-32-11	Pacific Northwest	MV	Blanco
San Juan 29-6 No. 20-8	SW 8-29-6	Pacific Northwest	MV	Blanco
Lackey No. 1-B	NE 20-28-9	Pacific Northwest	MV	Blanco
Lackey No. 10-B (M)	NE 21-28-9	El Paso Natural Gas	MV	Blanco
Lackey No. 11-B	NE 30-28-9	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 47-15	SW 15-28-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 18	SW 24-28-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 74	NE 3-27-6	El Paso Natural Gas	MV	Blanco
San Juan 28-6 No. 75	SW 3-27-6	El Paso Natural Gas	MV	Blanco
San Juan 27-5 No. 8	SW 32-27-5	El Paso Natural Gas	MV	Blanco
San Juan 28-7 No. 69	NE 32-28-7	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 1-9	NE 9-30-6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 13-32	NE 32-30-6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 17	SW 18-30-6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 18	NE 18-30-6	El Paso Natural Gas	MV	Blanco
San Juan 30-6 No. 19-25	SW 25-30-6	El Paso Natural Gas	MV	Blanco
Jicarilla No. 3	NW 34-26-5	Ohio	PC	South Blanco
Jicarilla No. 4	SE 36-26-5	Ohio	PC	South Blanco
Jicarilla No. 5	NW 28-26-5	Ohio	PC	South Blanco
Jicarilla No. 7	NW 27-26-5	Ohio	PC	South Blanco
Jicarilla No. 8	SE 27-26-5	Ohio	PC	South Blanco
Michener No. 1-A	NE 33-28-9	El Paso Natural Gas	PC	South Blanco
Jicarilla No. 2-J	NE 20-26-5	El Paso Natural Gas	PC	South Blanco
San Juan 27-5 No. 20 (P)	NE 35-27-5	El Paso Natural Gas	PC	South Blanco
San Juan 27-4 No. 7	SW 9-27-4	El Paso Natural Gas	Dak.	Tapacito E. Comp. Dak.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1498
Order No. R-1300

APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR AN ORDER AUTHORIZING
MAXIMUM PRESSURE BUILD-UP TESTS AND
FOR THE NON-CANCELLATION AND/OR
TRANSFER OF ALLOWABLES FOR WELLS
INVOLVED IN SUCH TESTING PROGRAM IN
FIVE GAS POOLS IN SAN JUAN AND RIO
ARRIBA COUNTIES, NEW MEXICO.

terminated by its own terms.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 10, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 17th. day of December, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, El Paso Natural Gas Company, seeks an order approving maximum pressure build-up tests on 17 gas wells in the Blanco Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, and the South Blanco-Pictured Cliffs Gas Pools in San Juan and Rio Arriba Counties, New Mexico, and further authorizing the non-cancellation and/or transfer of allowables for said wells and for administrative approval for the substitution of other wells for those authorized by this order.

(3) That there is a need for the reservoir information that the proposed maximum pressure build-up tests would provide.

(4) That the proposed tests would not cause waste nor violate correlative rights.

(5) That the proposed tests should be authorized.

(6) That all shut-in wells should be excepted from the requirements of Order R-333-C and D during the time that maximum pressure build-up tests are being conducted.

(7) That any shut-in well which has not been assigned an allowable prior to the effective date of this order should be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

(8) That the applicant should be permitted to transfer the allowable which accrues to the shut-in well during the test to certain other wells on the same basic lease; and further, that any such allowable which is not so transferred should be considered to have accrued on the date the test is completed.

(9) That the underage and overage balancing provisions of Rules 6 and 7 of Order R-128-D, Rules 11 and 12 of Order R-565-C and R-846, as all of said rules are amended by Order R-967, should be suspended for all affected shut-in and transfer wells until the end of the six-month proration period following the proration period during which the test is completed.

IT IS THEREFORE ORDERED:

1. That authority be and the same is hereby granted to conduct maximum pressure build-up tests on the wells hereinafter designated as the "Shut-In Well" and to transfer any allowables accruing to said wells during the tests to one or more of the wells designated as a "Transfer Well" for the same test, subject to the provisions of Paragraph 2 of this order:

AZTEC-PICTURED CLIFFS GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso - Lackey No. 5-B Unit P, S 20, T-28N, R-9W	El Paso-Lackey No. 3-B Unit D, S 29, T-28N, R-9W
	El Paso-Lackey No. 4-B Unit A, S 29, T-28N, R-9W
	El Paso-Lackey No. 6-B Unit D, S 21, T-28N, R-9W

AZTEC-PICTURED CLIFFS GAS POOL

	TRANSFER WELL
	El Paso-Lackey No. 8-B Unit M, S 20, T-28N, R-9W
	El Paso-Lackey No. 9-B Unit M, S 21, T-28N, R-9W

BALLARD-PICTURED CLIFFS GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-McConnell No. 5 Unit C, S 24, T-26N, R-9W	El Paso-Payne No. 2 Unit O, S 13, T-26N, R-9W
	El Paso-McConnell No. 4 Unit K, S 24, T-26N, R-9W
	El Paso-Payne 1-A Unit M, S 13, T-26N, R-9W
El Paso-McManus No. 10 Unit A, S 4, T-25N, R-8W	El Paso-McManus No. 2 Unit F, S 4, T-25N, R-8W
	El Paso-McManus No. 3 Unit J, S 33, T-26N, R-8W
	El Paso-McManus No. 5 Unit J, S 4, T-25N, R-8W
	El Paso-McManus No. 9 Unit M, S 33, T-26N, R-8W
	El Paso-McManus No. 13 Unit N, S 4, T-25N, R-8W

BLANCO MESAVERDE GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-Atlantic No. 5 Unit A, S 22, T-31N, R-10W	El Paso-Atlantic No. 6 Unit L, S 22, T-31N, R-10W
	El Paso-Atlantic No. 8 Unit M, S 23, T-31N, R-10W

BLANCO MESAVERDE GAS POOL

SHUT-IN WELL	TRANSFER WELL
	El Paso-Atlantic No. 7 Unit G, S 23, T-31N, R-10W
El Paso-Fields No. 1 Unit A, S 25, T-32N, R-11W	El Paso-Fields No. 2 Unit N, S 25, T-32N, R-11W
El Paso-Fields No. 5 Unit L, S 28, T-32N, R-11W	El Paso-Fields No. 1 Unit G, S 29, T-32N, R-11W
	El Paso-Fields No. 4 Unit G, S 28, T-32N, R-11W
	El Paso-Horton No. 1 Unit K, S 29, T-32N, R-11W
El Paso-Gartner No. 4 Unit H, S 33, T-30N, R-8W	El Paso-Gartner No. 1 Unit N, S 28, T-30N, R-8W
	El Paso-Gartner No. 3 Unit N, S 33, T-30N, R-8W
	El Paso-Gartner No. 5 Unit M, S 27, T-30N, R-8W
El Paso-Grambling No. 3 Unit N, S 22, T-29N, R-9W	El Paso-Grambling No. 1 Unit G, S 28, T-29N, R-9W
	El Paso-Grambling No. 2 Unit G, S 27, T-29N, R-9W
El Paso-Howell No. 3-A Unit M, S 4, T-30N, R-8W	El Paso-Howell No. 1-A Unit G, S 8, T-30N, R-8W
	El Paso-Howell No. 2-A Unit N, S 5, T-30N, R-8W
	El Paso-Woodriver No. 2 Unit G, S 9, T-30N, R-8W
El Paso-Mansfield No. 4 Unit A, S 29, T-30N, R-9W	(No wells on same basic lease)
El Paso-Prichard No. 2-1 Unit B, S 34, T-31N, R-9W	El Paso-Prichard No. 3-2 Unit K, S 34, T-31N, R-9W

BLANCO MESAVERDE GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-S.J. Unit 28-7 No. 49 Unit B, S 21, T-28N, R-7W	El Paso-S. J. Unit 28-7 No. 6 Unit N, S 16, T-28N, R-7W
	El Paso-S. J. Unit 28-7 No.47 Unit A, S 20, T-28N, R-7W
	El Paso-S. J. Unit 28-7 No.48 Unit L, S 21, T-28N, R-7W
El Paso-S.J. Unit 32-9 No. 29 Unit M, S 36, T-32N, R-10W	El Paso-S. J. Unit 32-9 No. 9 Unit N, S 25, T-32N, R-10W
	El Paso-S. J. Unit 32-9 No.38 Unit B, S 35, T-32N, R-10W
	El Paso-S.J. Unit 32-9 No. 34 Unit K, S 35, T-32N, R-10W
	El Paso-S. J. Unit 32-9 No.25 Unit G, S 2, T-31N, R-10W
	El Paso-S. J. Unit 32-9 No.26 Unit L, S 1, T-31N, R-10W
	El Paso-S. J. Unit 32-9 No. 3 Unit A, S 1, T-31N, R-10W
	El Paso-S. J. Unit 32-9 No.32 Unit M, S 31, T-32N, R-9W
	El Paso-S. J. Unit 32-9 No.30 Unit H, S 36, T-32N, R-10W
El Paso-Stewart No. 4 Unit K, S 28, T-30N, R-10W	El Paso-Stewart No. 3 Unit A, S 28, T-30N, R-10W
El Paso-Wilson 30-6 No. 6 Unit N, S 35, T-30N, R-7W	El Paso-Wilson 30-6 No. 1 Unit M, S 26, T-30N, R-7W
	El Paso-Wilson 30-6 No. 4 Unit G, S 34, T-30N, R-7W
	El Paso-Wilson 30-6 No. 5 Unit M, S 34, T-30N, R-7W

BLANCO MESAVERDE GAS POOL

TRANSFER WELL

El Paso-Wilson 30-6 No. 7
Unit H, S 35, T-30N, R-7W

FULCHER KUTZ-PICTURED CLIFFS GAS POOL

SHUT-IN WELL

El Paso-Rowley No. 4
Unit E, S 17, T-27N, R-10W

TRANSFER WELL

El Paso-Rowley No. 2
Unit L, S 8, T-27N, R-10W

El Paso-Rowley No. 3
Unit I, S 7, T-27N, R-10W

El Paso-Rowley No. 5
Unit K, S 17, T-27N, R-10W

El Paso-Rowley No. 6
Unit I, S 18, T-27N, R-10W

El Paso-Pipkin No. 3
Unit A, S 17, T-27N, R-10W

El Paso-Pipkin No. 4
Unit A, S 18, T-27N, R-10W

SOUTH BLANCO-PICTURED CLIFFS GAS POOL

SHUT-IN WELL

El Paso-Jicarilla No. 5-B
Unit M, S 27, T25-N, R-4W

TRANSFER WELL

El Paso-Jicarilla No. 2-B
Unit G, S 34, T-25N, R-4W

El Paso-Jicarilla No. 3-B
Unit O, S 28, T-25N, R-4W

El Paso-Jicarilla No. 4-B
Unit D, S 34, T-25N, R-4W

El Paso-Jicarilla No. 6-B
Unit B, S 33, T-25N, R-4W

El Paso-Jicarilla No. 7-B
Unit J, S 27, T-25N, R-4W

(2) That any operator desiring an allowable transfer as authorized above shall submit a request for the same to the Commission setting out the amount of allowable which he proposes to transfer and the name and location of the well or wells which are to receive the same. Such transfers must be to wells on the same basic lease as the shut-in well. If the proposed transfer is approved by the Commission, the transfer shall be effected upon completion of the test or upon receipt of the deliverability test for the shut-in well, whichever date is later.

(3) That the underage and overage provisions of Rules 6 and 7 of Order R-128-D and Rules 11 and 12 of Order R-565-C and R-846, as all of said orders are amended by Order R-967, shall be suspended for all affected shut-in and transfer wells listed herein insofar as concerns any overage or underage accrued to such wells at the time a test is commenced; provided, however, that said wells shall be subject to the provisions of the aforementioned rules after the end of the six-month proration period following the proration period during which the test is completed, and further, that any allowable which accrues to a shut-in well during a test which is not transferred as provided for in Paragraph 2 above shall be considered to have accrued to said shut-in well on the date the test is completed.

(4) That any transfer well which has not been connected to a transportation facility at the beginning of the test shall have its allowable assigned in accordance with the applicable proration order.

(5) That any shut-in well which has not been assigned an allowable prior to the effective date of this order shall be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

If, however, the shut-in well has not been connected to a transportation facility at the beginning of the test its allowable shall begin on the date when the well would have delivered gas into a transportation facility had the well not been shut-in, such date to be determined from an affidavit by the gas purchaser.

(6) That all shut-in wells be and the same are hereby excepted from the requirements of Order R-333-C and D until the date of first delivery of gas into a gas transportation facility after the completion of the test.

(7) That the Commission be and the same is hereby authorized to administratively approve the substitution of wells designated participate in any of the tests listed in this order, provided that no well shall be designated as a transfer well which is not on the same basic lease as the shut-in well.

(8) That in order to establish the starting date of any maximum pressure build-up test listed in this order, the operator shall notify the Santa Fe and Aztec offices of the Commission at the time the well is shut-in and padlocked, which date shall be the starting date of the maximum pressure build-up tests. Provided, that any test started before the date of this order on which the operator can furnish adequate proof that the well has not been blown to the air or produced in any manner, may have the starting date of the test begin as of the date of the shutting-in of the test well.

(9) That the shut-in well on all tests listed in this order shall be padlocked in such a manner so as to definitely prevent the opening of any valve except during the taking of the pressure readings.

(10) That the results of all pressure readings on the above-described tests shall be filed with the Commission's Aztec and Santa Fe offices within a reasonable time after the completion of the last test authorized herein. This data shall be filed in both tabular and graphic form and shall show the date that the test well was shut-in, the date and the pressure at each pressure reading, and the length of time that the well was shut-in prior to each reading. The graph shall depict the pressure build-up in pounds per square inch absolute plotted against shut-in time in days.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

S E A L

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 1685
Order No. R-1421

APPLICATION OF EL PASO NATURAL GAS COMPANY FOR AN ORDER AUTHORIZING MAXIMUM PRESSURE BUILD-UP TESTS AND FOR THE NON-CANCELLATION AND/OR TRANSFER OF ALLOWABLES FOR WELLS INVOLVED IN SUCH TESTING PROGRAM IN FIVE GAS POOLS IN SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO

temporary order (will still be in effect at date of consolidation)

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 3, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 9th day of June, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, El Paso Natural Gas Company, seeks an order approving maximum pressure build-up tests on 19 gas wells in the Blanco Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, and the South Blanco-Pictured Cliffs Gas Pools in San Juan and Rio Arriba Counties, New Mexico, and further authorizing the non-cancellation and/or transfer of allowables for said wells and for administrative approval for the substitution of other wells for those authorized by this order.

(3) That there is a need for the reservoir information that the proposed maximum pressure build-up tests would provide.

(4) That the proposed tests would not cause waste nor violate correlative rights.

(5) That the proposed tests should be authorized.

(6) That all shut-in wells should be excepted from the requirements of Order R-333-C and D during the time that maximum pressure build-up tests are being conducted.

(7) That any shut-in well which has not been assigned an allowable prior to the effective date of this order should be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

(8) That the applicant should be permitted to transfer the allowable which accrues to the shut-in well during the test to certain other wells on the same basic lease; and further, that any such allowable which is not so transferred should be considered to have accrued on the date the test is completed.

(9) That the underage and overage balancing provisions of Rules 6 and 7 of Order R-128-D, Rules 11 and 12 of Order R-565-C and R-846, as all of said rules are amended by Order R-967, should be suspended for all affected shut-in and transfer wells until the end of the six-month proration period following the proration period during which the test is completed.

IT IS THEREFORE ORDERED:

(1) That authority be and the same is hereby granted to conduct maximum pressure build-up tests on the wells hereinafter designated as the "Shut-In Well" and to transfer any allowables accruing to said wells during the tests to one or more of the wells designated as a "Transfer Well" for the same test, subject to the provisions of Paragraph 2 of this order:

AZTEC-PICTURED CLIFFS GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-Ludwick No. 2 SE/4, S 19, T-30N, R-10W	El Paso-Ludwick No. 1 NW/4, S 29, T-30N, R-10W
	El Paso-Ludwick No. 3 SE/4, S 29, T-30N, R-10W
	El Paso-Ludwick No. 4 NE/4, S 31, T-30N, R-10W
	El Paso-Ludwick No. 5 NW/4, S 31, T-30N, R-10W
	El Paso-Ludwick No. 6 SW/4, S 19, T-30N, R-10W

BALLARD-PICTURED CLIFFS GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-Ballard No. 2-14 NW/4, S 14, T-26N, R-9W	El Paso-Ballard No. 1-14 SE/4, S 14, T-26N, R-9W
	El Paso-Ballard No. 3-14 NE/4, S 14, T-26N, R-9W
	El Paso-Ballard No. 4-14 SW/4, S 14, T-26N, R-9W
	El Paso-Ballard No. 1-15 NW/4, S 15, T-26N, R-9W
	El Paso-Ballard No. 2-15 NE/4, S 15, T-26N, R-9W
	El Paso-Ballard No. 3-15 SE/4, S 15, T-26N, R-9W
	El Paso-Ballard No. 4-15 SW/4, S 15, T-26N, R-9W
El Paso-Quitzau No. 9 SW/4, S 11, T-25N, R-8W	El Paso-Quitzau No. 1 NW/4, S 3, T-25S, R-8W
	El Paso-Quitzau No. 2 NW/4, S 11, T-25S, R-8W
	El Paso-Quitzau No. 3 SE/4, S 11, T-25S, R-8W
	El Paso-Quitzau No. 4 SE/4, S 3, T-25S, R-8W
	El Paso-Quitzau No. 5 SW/4, S 3, T-25S, R-8W
	El Paso-Quitzau No. 6 NE/4, S 10, T-25S, R-8W
	El Paso-Quitzau No. 7 NW/4, S 10, T-25S, R-8W
	El Paso-Quitzau No. 8 NE/4, S 11, T-25S, R-8W

	El Paso-Quitzau No. 10 SE/4, S 10, T-25S, R-8W
	El Paso-Quitzau No. 11 NE/4, S 3, T-25S, R-8W
El Paso-Wilson No. A-1 NW/4, S 32, T-26N, R-8W	El Paso-Wilson No. A-2 SW/4, S 32, T-26N, R-8W

BLANCO MESAVERDE GAS POOL

SHUT-IN WELL	TRANSFER WELL
El Paso-Atlantic No. 5-A SW/4, S 26, T-31N, R-10W	El Paso-Atlantic No. 1-A NE/4, S 27, T-31N, R-10W
	El Paso-Atlantic No. 9-A SW/4, S 27, T-31N, R-10W
El Paso-Atlantic No. 8-A NE/4, S 29, T-31N, R-11W	El Paso-Atlantic No. 7-A SW/4, S 29, T-31N, R-10W
El Paso-Barnes No. 7 SW/4, S 23, T-32N, R-11W	None
El Paso-Barrett No. 2 NE/4, S 19, T-31N, R-9W	El Paso-Barrett No. 1 SW/4, S 19, T-31N, R-9W
	El Paso-Barrett No. 3 SW/4, S 20, T-31N, R-9W
	El Paso-Barrett No. 4 NE/4, S 20, T-31N, R-9W
El Paso-Gartner No. 2 NE/4, S 28, T-30N, R-8W	El Paso-Gartner No. 1 SW/4, S 28, T-30N, R-8W
	El Paso-Gartner No. 3 SW/4, S 33, T-30N, R-8W
	El Paso-Gartner No. 4 NE/4, S 33, T-30N, R-8W
	El Paso-Gartner No. 5 SW/4, S 27, T-30N, R-8W
	El Paso-Gartner No. 7 SW/4, S 26, T-30N, R-8W
	El Paso-Gartner No. 8 NE.4, S 26, T-30N, R-8W

El Paso-Hughes No. 1 SW/4, S 19, T-29N, R-8W	El Paso-Hughes No. 2 NE/4, S 19, T-29N, R-8W
	El Paso-Hughes No. 3 NE/4, S 20, T-29N, R-8W
	El Paso-Hughes No. 4 SW/4, S 20, T-29N, R-8W
	El Paso-Hughes No. 5 SW/4, S 21, T-29N, R-8W
	El Paso-Hughes No. 6 NE/4, S 21, T-29N, R-8W
	El Paso-Hughes No. 7 SW/4, S 29, T-29N, R-8W
	El Paso-Hughes No. 8 NE/4, S 29, T-29N, R-8W
El Paso-Lucerne No. 2-A NE/4, S 9, T-31N, R-10W	El Paso-Lucerne No. 1-A SW/4, S 9, T-31N, R-10W
	El Paso-Lucerne No. 3-A SW/4, S 3, T-31N, R-10W
	El Paso-Lucerne No. 4-A NE/4, S 10, T-31N, R-10W
El Paso-SJU 30-6 McElvain No. 1-A NE/4, S 23, T-30N, R-7W	El Paso-McElvain No. 2-A SW/4, S 23, T-30N, R-7W
	El Paso-McElvain No. 3-A NE/4, S 24, T-30N, R-7W
	El Paso-McElvain No. 4-A SW/4, S 24, T-30N, R-7W
	El Paso-McElvain No. 5-A NE/4, S 25, T-30N, R-7W
	El Paso-McElvain No. 6-A SW/4, S 25, T-30N, R-7W
El Paso-Riddle No. 2 SW/4, S 3, T-30N, R-9W	El Paso-Riddle No. 1 NW/4, S 4, T-30N, R-9W
El Paso-Schwerdtfeger No. 1 SW/4, S 27, T-31N, R-9W	None

El Paso-SJU 28-6 No. 37
SW/4, S 6, T-27N, R-6W

El Paso-SJU 28-6 No. 39
SW/4, S 5, T-27N, R-6W

El Paso-SJU 28-6 No. 43
NE/4, S 7, T-27N, R-6W

El Paso-SJU 28-6 No. 54
SW/4, S 7, T-27N, R-6W

El Paso-SJU 28-6 No. 22
NE/4, S 8, T-27N, R-6W

El Paso-SJU 28-7 No. 56
SW/4, S 13, T-28N, R-7W

El Paso-SJU 28-7 No. 33
NE/4, S 13, T-28N, R-7W

El Paso-SJU 28-7 No. 51
NE/4, S 24, T-28N, R-7W

El Paso-SJU 28-7 No. 26
SW/4, S 24, T-28N, R-7W

El Paso-SJU 28-7 No. 50
NE/4, S 23, T-28N, R-7W

El Paso-SJU 28-7 No. 9
SW/4, S 14, T-28N, R-7W

El Paso-SJU 28-7 No. 24
NE/4, S 14, T-28N, R-7W

El Paso-SJU 28-7 No. 55
SW/4, S 12, T-28N, R-7W

FULCHER KUTZ-PICTURED CLIFFS GAS POOL

SHUT-IN WELL

El Paso-Omler No. 5
SE/4, S 25, T-28N, R-10W

TRANSFER WELL

El Paso-Omler No. 2
NW/4, S 36, T-28N, R-10W

El Paso-Omler No. 3
SE/4, S 36, T-28N, R-10W

El Paso-Omler No. 4
NE/4, S 36, T-28N, R-10W

El Paso-Omler No. 6
NE/4, S 25, T-28N, R-10W

El Paso-Omler No. 7
NW/4, S 25, T-28N, R-10W

El Paso-Omler No. 8
SW/4, S 25, T-28N, R-10W

El Paso-Omler No. 9
SW/4, S 36, T-28N, R-10W

SOUTH BLANCO-PICTURED CLIFFS GAS POOL

SHUT-IN WELL

El Paso-Jicarilla No. 1-B
NW/4, S 28, T-25N, R-4W

El Paso-Jicarilla No. 8-E
NW/4, S 20, T-25N, R-4W

TRANSFER WELL

El Paso-Jicarilla No. 2-B
NE/4, S 34, T-25N, R-4W

El Paso-Jicarilla No. 3-B
SE/4, S 28, T-25N, R-4W

El Paso-Jicarilla No. 4-B
NW/4, S 34, T-25N, R-4W

El Paso-Jicarilla No. 5-B
SW/4, S 27, T-25N, R-4W

El Paso-Jicarilla No. 6-B
NE/4, S 33, T-25N, R-4W

El Paso-Jicarilla No. 7-B
SE/4, S 27, T-25N, R-4W

El Paso-Jicarilla No. 8-B
NE/4, S 28, T-25N, R-4W

El Paso-Jicarilla No. 9-B
SW/4, S 28, T-25N, R-4W

El Paso-Jicarilla No. 10-B
SW/4, S 34, T-25N, R-4W

El Paso-Jicarilla No. 1-E
NE/4, S 19, T-25N, R-4W

El Paso-Jicarilla No. 2-E
SE/4, S 19, T-25N, R-4W

El Paso-Jicarilla No. 3-E
SW/4, S 18, T-25N, R-4W

El Paso-Jicarilla No. 4-E
SE/4, S 18, T-25N, R-4W

El Paso-Jicarilla No. 5-E
NE/4, S 20, T-25N, R-4W

El Paso-Jicarilla No. 6-E
SE/4, S 20, T-25N, R-4W

El Paso-Jicarilla No. 9-E
NW/4, S 19, T-25N, R-4W

El Paso-Jicarilla No. 11-E
SW/4, S 19, T-25N, R-4W

(2) That any operator desiring an allowable transfer as authorized above shall submit a request for the same to the Commission setting out the amount of allowable which he proposes to transfer and the name and location of the well or wells which are to receive the same. Such transfers must be to wells on the same basic lease as the shut-in well. If the proposed transfer is approved by the Commission, the transfer shall be effected upon completion of the test or upon receipt of the deliverability test for the shut-in well, whichever date is later.

(3) That the underage and overage provisions of Rules 6 and 7 of Order R-128-D and Rules 11 and 12 of Order R-565-C and R-846, as all of said orders are amended by Order R-967, shall be suspended for all affected shut-in and transfer wells listed herein insofar as concerns any overage or underage accrued to such wells at the time a test is commenced; provided, however, that said wells shall be subject to the provisions of the aforementioned rules after the end of the six-month proration period following the proration period during which the test is completed, and further, that any allowable which accrues to a shut-in well during a test which is not transferred as provided for in Paragraph 2 above shall be considered to have accrued to said shut-in well on the date the test is completed.

(4) That any transfer well which has not been connected to a transportation facility at the beginning of the test shall have its allowable assigned in accordance with the applicable proration order.

(5) That any shut-in well which has not been assigned an allowable prior to the effective date of this order shall be assigned an allowable from the date of connection to a transportation facility, provided said date is not more than forty-five days prior to the beginning of the test.

If, however, the shut-in well has not been connected to a transportation facility at the beginning of the test its allowable shall begin on the date when the well would have delivered gas into a transportation facility had the well not been shut-in, such date to be determined from an affidavit by the gas purchaser.

(6) That all shut-in wells be and the same are hereby excepted from the requirements of Order R-333-C and D until the date of first delivery of gas into a gas transportation facility after the completion of the test.

(7) That the Commission be and the same is hereby authorized to administratively approve the substitution of wells designated to participate in any of the tests listed in this order, provided that no well shall be designated as a transfer well which is not on the same basic lease as the shut-in well.

(8) That in order to establish the starting date of any maximum pressure build-up test listed in this order, the operator shall notify the Santa Fe and Aztec offices of the Commission at the time the well is shut-in and padlocked, which date shall be the starting date of the maximum pressure build-up tests. Provided, that any test started before the date of this order on which the operator can furnish adequate proof that the well has not been blown to the air or produced in any manner, may have the starting date of the test begin as of the date of the shutting-in of the test well.

(9) That the shut-in well on all tests listed in this order shall be padlocked in such a manner so as to definitely prevent the opening of any valve except during the taking of the pressure readings.

(10) That the results of all pressure readings on the above-described tests shall be filed with the Commission's Aztec and Santa Fe offices within a reasonable time after the completion of the last test authorized herein. These data shall be filed in both tabular and graphic form and shall show the date that the test well wasshut-in, the date and the pressure at each pressure reading, and the length of time that the well was shut-in prior to each reading. The graph shall depict the pressure build-up in pounds per square inch absolute plotted against shut-in time in days.

(11) That the authority herein granted shall terminate one year from the date of this order; provided, however, that the Secretary-Director may approve an extension of time for the taking of the subject tests for good cause shown.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

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MURRAY E. MORGAN, Member

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

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RULE 14 - R-610

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is over-produced less than 6 times its current monthly allowable.

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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shutin upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancella-tion of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION
RULE 12-A - R-610

The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 13 - R-610

Underproduction: Any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry 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.

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.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

(4) That the Special Rules and Regulations for the Blinebry Gas Pool as set forth in Order R-610, dated April 11, 1955, as amended by Order R-610-A, dated May 27, 1955, Order R-610-B, dated June 13, 1955, Order R-610-C, dated January 9, 1956, and Order R-610-D, dated February 26, 1957, be and the same are amended as follows:

RULE 10 - R-610

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Blinebry Gas Pool and other relevant data and shall fix the allowable production for the Blinebry Gas Pool.

(b) For purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

RULE 12 - R-610

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blinebry Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Blinebry Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 10 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of

~~If during a proration month the acreage assigned to a well is increased the operator~~ shall notify the Director in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

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

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

BALANCING OF PRODUCTION

RULE 8-A - R-520 and R-586

The dates 7:00 a.m., January 1, and 7:00 a.m. July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods.

RULE 9 - R-520 and R-586

Underproduction: Any non-marginal 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.

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.

RULE 10 - R-520 and R-586

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is made up. If at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month, and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration peripd 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the Pool.

RULE 8 -B520 and 8-586

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the "preliminary or "Supplemental Nominations" (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 6 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective January 1, 1958, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such reclassification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data, or other evidence as to the wells producing ability indicates that the ~~well is~~ improperly classified.

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.

RULE 12 - R-565-C, R-566-D & R-846

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowable.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 14 - R-565-C, R-566-D, & R-846

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 10 of this order.

(3) That the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as set forth in Order R-520, dated August 12, 1954, and the Special Rules and Regulations for the Tubb, Byers-Queen and Justis Gas Pools as set forth in Order R-586, dated April 11, 1955 be and the same are amended as follows:

RULE 6 - R-520 and R-586

(a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools and other relevant data and shall fix the allowable production for the Eumont, Jalmat, Tubb, Byers-Queen and Justis Gas Pools.

(b) For the purposes of proration, each well shall be assigned an acreage factor determined by dividing the acreage assigned to the well by 160 acres.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

(c) The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an

RULE 9 - R-565-C, R-566-D and R-846

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's "AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 10 - 565-C, R-566-D & R-846

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 10A - R-565-C, R-566-D & R-846

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence October 1, 1956 and shall continue for a period of 10 months and future proration periods shall commence on the dates outlined above.

RULE 11 - R-565-C, R-566-D, & R-846

Underproduction: Any non-marginal 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.

necessary to show the allowable production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 9 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

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.

RULE 7 - R-128-D

Overproduction: 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 made up during such succeeding period. Any well which has not made up the overproduction carried into a gas proration period by the end of such gas proration period shall be shut-in until such overproduction is made up. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable it shall be shut-in during that month and each succeeding month until the well is overproduced less than 6 times its current monthly allowables.

Allowable assigned to a well during any one month of a gas proration period in excess of the production of 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 made up.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

Any allowable accrued to a well at the end of a proration period due to the cancellation of underage and redistribution thereof shall be applied against the overproduction carried into said proration period.

RULE 9 - (Second Paragraph) R-128-D

No well shall be assigned an allowable unless a deliverability test taken in conformance with Order R-333-C & D has been submitted, except in the case of a marginal well which has been exempt from testing in accordance with Rule 5 of this order.

(2) That the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, and South Blanco-Pictured Cliffs Gas Pool as set forth in Commission Order R-565-C, dated October 13, 1955, and the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool as set forth in Commission Order R-566-D, dated October 13, 1955; and the Special Rules and Regulations for the Ballard Pictured Cliffs Pool as set forth in Commission Order R-846, dated July 18, 1956, be and the same are hereby amended as follows:

RULE 8 - R-565-C, R-566-D, and R-846

In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas be actually in good faith desires to purchase during the ensuing proration month from the Fulcher-Kutz, West Kutz, Aztec, South Blanco and Ballard Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is

that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD Factor" shall be computed to the nearest whole unit.

The allowable to be assigned to each marginal well shall be equal to the maximum production during any month of the preceding gas proration period.

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the following manner:

(1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's AD Factor" bears to the total "AD Factor" for all non-marginal wells in the pool.

(2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal wells shall be allocated among such wells in the proportion that each well's acreage factor bears to the total acreage factor for all non-marginal wells in the pool.

RULE 5 - R-128-D

The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C & D.

The Secretary of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells in those instances where the deliverability of the well is of such volume as to have no significance in the determination of the well's allowable. Application for such exceptions may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary of the Commission at any time by requesting the well to be scheduled and tested in accordance with Order R-333-C and D.

BALANCING OF PRODUCTION

RULE 5-A - R-128-D

The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time between these dates shall be known as gas proration periods. The first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above.

RULE 6 - R-128-D

Underproduction: Any non-marginal 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

The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable. A monthly allowable shall be assigned to each well entitled to an allowable in the pool by allocating the pool allowable among all such wells in accordance with the procedure set out in Rule 4 provided, however, that the allowable assigned to any well shall not exceed the well's known producing ability. A well, the allowable of which is so limited, shall be classified as a marginal well and shall not be permitted to accumulate underproduction, and any underproduction accrued to a well prior to its classification as a marginal well shall be cancelled. Any well classified as a marginal well shall be removed from such classification in instances where the production of the well evidences that the classification is no longer applicable.

Effective August 1, 1956, and after the production data is available for the last month of each succeeding gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its allowable during at least one month of such preceding gas proration period may be classified as a marginal well unless prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified. However, a well which in any month of said proration period has demonstrated its ability to produce its allowable for said proration period shall not be classified as a marginal well.

The director may reclassify a marginal or non-marginal well at any time the wells production data, deliverability data, or other evidence as to the wells producing ability justify such re-classification.

A well which has been reworked or recompleted shall be classified as a non-marginal well as of the day of reconnection to a pipeline until such time as production data, deliverability data or other evidence as to the wells producing ability indicates that the well is improperly classified.

If during a proration month the acreage assigned to a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director. The Commission may assign minimum allowables in order to prevent the premature abandonment of wells.

If at the end of a proration period a marginal well has produced more than the total allowable for the period assigned a non-marginal well of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly.

All wells not classified as marginal wells shall be classified as non-marginal wells.

RULE 4 - R-128-D

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the AD Factor for

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1164
Order No. R-967

Amends R-128-D in part

APPLICATION OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO UPON ITS
OWN MOTION FOR AN ORDER REVISING THE
SPECIAL RULES AND REGULATIONS FOR ALL
PRORATED GAS POOLS IN THE STATE OF
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of April 1957, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That, in order to promote a more efficient gas prorationing procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

IT IS THEREFORE ORDERED:

(1) That Commission Order R-128-D dated October 13, 1955, amending the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool as set forth in Commission Order R-110, dated November 9, 1951, be and the same is hereby amended as follows:

RULE 3 - R-128-D

In the event a gas purchasers' market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination," showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month along with such other information as is necessary to show the allowable-production status of each well on the schedule. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

same hereby is revised as follows:

"RULE 104 (b): Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a quarter quarter section or lot, being a legal subdivision of the U. S. Public Land Surveys and shall be located within 100 feet of the center of the 40 acre subdivision, except in San Juan, Rio Arriba and Sandoval Counties, where a wildcat well shall be located on a designated drilling tract of not less than 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundary line of the tract provided however that a tolerance of 200 feet is permissible."

(3) That those portions of Orders R-46 and R-59 pertaining to the spacing of gas wells within the defined limits of gas pools producing from the Pictured Cliffs formation be and the same hereby are amended and revised as follows:

"Any well drilled within the defined limits of a designated gas pool producing from the Pictured Cliffs formation shall be located on a designated drilling tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundary line of the quarter section, provided however that a tolerance of 200 feet is permissible."

(4) That Paragraph (c) of Section 1 of Order R-110 pertaining to the location of wells drilled within the defined limits of the Blanco Mesaverde Gas Pool be and the same hereby is amended and revised as follows:

"Section 1. (c) Such well shall be located 990 feet from the outer boundary of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Member & Secretary

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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. 598
ORDER NO. R-397

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR A REVISION
OF RULE 104 (b) PERTAINING IN
PART TO WELL SPACING IN SAN
JUAN, RIO ARRIBA, SANDOVAL AND
McKINLEY COUNTIES, NEW MEXICO
AND FOR A REVISION OF ORDERS R-59,
R-46 AND R-110 PERTAINING TO
SPACING OF GAS WELLS TO BE
DRILLED TO THE PICTURED CLIFFS
FORMATION AND TO THE MESAVERDE
FORMATION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on October 15, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 17th day of December, 1953, the Commission, a quorum being present, having considered the records and the testimony adduced and being fully advised in the premises,

FINDS:

(1) That the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That there is need for a revision of Rule 104, Paragraph (b) of the Commission's Rules and Regulations; and for a revision of Commission Orders R-46, R-59, and R-110, pertaining to the spacing of gas wells in gas pools producing from the Pictured Cliffs and Mesaverde formation.

IT IS THEREFORE ORDERED:

(1) That the application of the Oil Conservation Commission be and the

covered in other orders of this Commission.

(3) That sufficient evidence has been adduced to indicate the advisability of revising Paragraph 4 of Rule 9 of Order R-128-D, and that said Rule should be revised herein.

IT IS THEREFORE ORDERED:

(1) That the application of the Oil Conservation Commission at the request of Pubco Development, Incorporated, for an order revising paragraph 4 of Rule 9 of Order R-128-D, pertaining to the Blanco-Mesaverde Gas Pool Rules, be and the same is hereby approved, and that paragraph 4 of Rule 9 of Order R-128-D, is hereby revised to read as follows:

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection after workover, such date to be determined from Form C-104 as filed by the operator; or

(b) A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D; or,

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico);

(Form C-104 shall specify the exact nature of the workover or remedial work; If the nature of the work cannot be explained on Form C-104, in that event, Form C-103 shall also be filed in accordance with Rule 1106 of the Commission's Statewide Rules and Regulations. Form C-128 (Gas Well Plat) shall be submitted by the operator at any time there is a change in the acreage dedicated to said well);

whichever date is later.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

Supersedes Rule 1140, 1956 & R-128-D

CASE NO. 997
Order No. R-128-E

THE APPLICATION OF THE OIL CONSERVATION COMMISSION AT THE REQUEST OF PUBCO DEVELOPMENT, INCORPORATED, FOR AN ORDER REVISING RULE 9 OF ORDER R-128-D, PERTAINING TO THE BLANCO-MESAVERDE GAS POOL RULES, RULE 14 OF ORDER R-565-C PERTAINING TO THE AZTEC-PICTURED CLIFFS POOL; RULE 14 OF ORDER R-565-C PERTAINING TO THE SOUTH BLANCO-PICTURED CLIFFS GAS POOL RULES; RULE 14 OF ORDER R-565-C PERTAINING TO THE FULCHER KUTZ-PICTURED CLIFFS GAS POOL RULES AND RULE 14 OF ORDER R-566-D, PERTAINING TO THE WEST KUTZ-PICTURED CLIFFS GAS POOL RULES; SAID RULES PROPOSE TO REVISE THE EXISTING RULES PERTAINING TO THE ASSIGNMENT OF ALLOWABLES ON RECOMPLETED WELLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 19, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 29th. day of March 1956, the Commission, a quorum being present, having considered the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That the revisions of paragraph 4 of Rule 14 of Order R-565-C pertaining to the Aztec-Pictured Cliffs Gas Pool Rules, the revision of paragraph 4 of Rule 14 of Order R-565-C pertaining to the South Blanco-Pictured Cliffs Gas Pool Rules, the revision of paragraph 4 of Rule 14 of Order R-565-C pertaining to the Fulcher Kutz-Pictured Cliffs Gas Pool Rules, and the revision of paragraph 4 of Rule 14 of Order R-566-D pertaining to the West Kutz-Pictured Cliffs Gas Pool Rules are being

triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copies being sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas, provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the well's allowable.

RULE 11. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization, it shall be the responsibility of said "taker" to submit a nomination.

RULE 12. No gas, either dry gas or casinghead gas, produced from the Blanco-Mesaverde Gas Pool except that gas used for "drilling-in purposes," shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or recomplete" or USGS Form 9-331-a (whichever is applicable), all operators shall comply strictly with the provisions of Order R-110 and the applicable provisions of Order R-397. Accompanying the above form shall be a plat of the acreage contained in the proration unit together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Director shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That the provisions of Statewide Rule 104 (k) shall not apply to the Blanco-Mesaverde Gas Pool.

PROVIDED FURTHER, That all transporters of gas or users of gas shall file with the Commission connection notices in accordance with the above provisions of Rule 9 (a) as soon as possible after the date of connection.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

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GRANTING OF ALLOWABLES

RULE 8. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 9. Allowables to newly completed gas wells shall commence

(a) On the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser;

(b) the latest filing date of Form C-104, C-110 or the above described plat; or

(c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C;

whichever date is the later.

Superseded by Order No. R-967

No well shall be assigned an allowable unless a deliverability test taken in conformance with the provisions of Order R-333-C has been submitted.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 5 of this order and the testing schedule provision of Order R-333-C.

Superseded by R-1227-E

A change in a wells deliverability due to retest or test after recompletion or workover shall become effective the first of the month following receipt and approval of Form C-122-A for such test. Such tests shall be taken in accordance with Order R-333-C.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

REPORTING OF PRODUCTION

RULE 10. The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 and be postmarked 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 gas produced.

Each purchaser or taker of gas in the Blanco-Mesaverde Gas Pool shall submit a report to the Commission to be postmarked 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 either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule. Forms C-111 and C-114 referred to herein shall be submitted in

When the tentative allowable received by a well is in excess of its known producing ability the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

RULE 5. The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C.

BALANCING OF PRODUCTION

RULE 6. Underproduction: The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the Blanco-Mesaverde Gas Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore the first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, the marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Director may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 7. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

be produced without waste from the pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

Rule 3, 4, 5, 6, 7 superseded by R-967

RULE 3. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "Supplemental Nomination", showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule for the Blanco-Mesaverde Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

RULE 4. The monthly allocation to the Blanco-Mesaverde Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner.

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD Factor" for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD Factor" shall be computed to the nearest whole unit.

(1) A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD Factors" bears to the sum of all the "AD Factors" in the pool.

(2) The remaining twenty-five (25%) of the pool allocation shall be divided among the wells in the proportion that each well's acreage factor bears to the sum of all the acreage factors in the pool.

and 324 contiguous surface acres, substantially in the form of a rectangle which shall be a legas subdivision (half section) of the U. S. Public Land Surveys; provided however, that a non-standard gas proration unit may be formed after notice and hearing or under the provisions of paragraph (b) of this rule. Any proration unit containing less than 316 acres or more than 324 acres shall be a non-standard proration unit. The allowable production from any non-standard proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 320 acres. Any gas proration unit containing between 316 and 324 acres shall be considered to contain 320 acres for the purpose of computing allowables.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 1 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The Non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The applicant presents written consent in the form of waivers from:

   (a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard unit, and

   (b) All operators owning interests in acreage offsetting the non-standard gas proration unit.

5. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 2. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Blanco Mesaverde Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

This Rule is superseded R 128 - C

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

330)
330-A) Consolidated
CASES: 941)
Order No. R-128-D

THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER REVISING ORDER R-110 AND ORDER R-128-C AFFECTING AND CONCERNING THE BLANCO MESAVERDE GAS POOL, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

These causes came on for hearing at 9 o'clock a.m. on April 15, 1954, and June 21, 1954 and August 17, 1955, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 13th day of October, 1955, the Commission a quorum being present having considered the testimony adduced and the exhibits received at said hearings, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of these cases and the subject matter thereof.

(2) That there is need for the revision of Order R-128-C due to the revision of Order R-333-B and that this order should contain all of the provisions of Order R-128-C with all applicable changes.

IT IS THEREFORE ORDERED:

(1) That Order R-110, dated November 9, 1951 and Order R-128-C dated December 16, 1954 is hereby amended as follows:

Section 15: Gas Proration and Allocation

RULE 1. (a) The acreage allocated to a gas well for proration purposes shall be known as the Gas Proration Unit for that well. For the purpose of Gas Allocation in the Blanco-Mesaverde Gas Pool, a standard proration unit shall consist of between 316

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas, provided however, that gas used in maintaining the producing ability of the well shall not be charged against the well's allowable.

RULE 11. The term "gas purchaser" as used in these rules, shall mean any "Taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 12. No gas, either dry gas or casinghead gas, produced from the Blanco-Mesaverde Gas Pool except that gas used for "drilling-in purposes", shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" or USGS Form 3-391-A (whichever is applicable), all operators shall strictly comply with the provisions of Order R-110 and the applicable provisions of Order R-397. Accompanying the above form shall be a plat of the acreage contained in the proration unit together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Director shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That the provisions of Statewide Rule 104 (K) shall not apply to the Blanco-Mesaverde Gas Pool.

PROVIDED FURTHER, That all transporters of gas or users of gas shall file with the Commission a list of all wells connected to their gas transportation facility as of February 1, 1955, and shall furnish connection notices thereafter in accordance with the provisions of Rule 9 as soon as possible after the date of connection.

The list requested above shall contain the name of the operator, lease name, well number, unit, and location of the well (Section, Township and Range). Connection notices shall contain the date of connection in addition to the above listed data.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman
E. S. WALKER, Member
W. B. MACEY. Member and Secretary

S E A L

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 8. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 9. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

No well shall be assigned an allowable unless either a deliverability test or a potential test taken in conformance with the provisions of Order R-333-A has been submitted.

In assigning allowables to newly completed wells in the absence of deliverability test data the open flow potential test taken in conformance with Order R-333-A may be used in approximating the wells deliverability. In this instance an assumed deliverability equal to 20% of the volume of gas produced on the initial potential test will be used. The allowable thus established using an assumed deliverability shall be a tentative allowable and upon submission of a deliverability test the allowables previously assigned the well shall be recalculated using the deliverability test data.

Deliverability tests shall be taken and calculated in conformance with Order R-333-A, the provisions of Rule 5 of this order and the testing schedule provisions of Order R-333-A.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

REPORTING OF PRODUCTION

RULE 10. The monthly gas production from each 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 gas produced.

Each purchaser or taker of gas in the Blanco-Mesaverde Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (Whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copies being sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico.

When the tentative allowable received by a well is in excess of its known producing ability the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

RULE 5. The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-A;provided however, that the deliverability pressure shall be determined as follows:

"Deliverability pressure", as used herein shall be equal to fifty (50) percent of the seven (7) day shut-in pressure of the respective individual wells.

BALANCING OF PRODUCTION

RULE 6. Underproduction: The dates 7:00 a..m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the Blanco-Mesaverde Gas Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore the first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, the marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Director may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 7. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in during the current month.

period, by months from the Blanco-Mesaverde Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from the pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

RULE 3. In the event a gas purchaser's market shall have increased or decreased he may file with the Commission prior to the 10th day of the month a "supplemental nomination", showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Blanco-Mesaverde Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonable capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

RULE 4. The monthly allocation to the Blanco-Mesaverde Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner:

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD factor" shall be computed to the nearest whole unit.

(1) A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD factor" bears to the sum of all the AD factors in the pool.

(2) The remaining twenty-five (25%) of the pool allocation shall be divided among the wells in the proportion that each well's acreage factor bears to the sum of all the acreage factors in the pool.

(4) That the producing capacity of the gas wells in the Blanco-Mesaverde Gas Pool is greater than the market demand of gas from the Blanco-Mesaverde Gas Pool.

(5) That for the purpose of preventing waste and for the protection of correlati rights Order R-110 should be amended to provide a method of allocating gas between proration units in the Blanco-Mesaverde Gas Pool.

IT IS THEREFORE ORDERED:

(1) That Order R-110, dated November 9, 1951 is hereby amended to read as follows:

Section 15: Gas Proration and Allocation

RULE 1. (a) The acreage allocated to a gas well for proration purposes shall be known as the Gas Proration Unit for that well. For the purpose of Gas Allocation in the Blanco-Mesaverde Gas Pool, a standard proration unit shall consist of between 316 and 324 contiguous surface acres, substantially in the form of a rectangle which shall be a legal subdivision (half section) of the U. S. Public Land Surveys; provided however, that a non-standard gas proration unit may be formed after notice and hearing or under the provisions of paragraph (b) of this rule. Any proration unit containing less than 316 acres or more than 324 acres shall be a non-standard proration unit. The allowable production from any non-standard proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 320 acres. Any gas proration unit containing between 316 and 324 acres shall be considered to contain 320 acres for the purpose of computing allowables.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 1 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests in acreage offsetting the non-standard gas proration unit.

5. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 2. At least 30 days prior to the beginning of each gas proration perio the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASES 330 and 330-A
(Consolidated)
ORDER NO. R-128-C

THE APPLICATION OF STANOLIND OIL AND GAS COMPANY FOR AN ORDER AMENDING ORDER R-110 RELATING TO THE BLANCO-MESAVERDE GAS POOL, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

AND ALSO:

THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER PROMULGATING RULES AND REGULATIONS AFFECTING AND CONCERNING THE BLANCO-MESAVERDE GAS POOL, SITUATED IN SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

This Order Adds Section 15 to the R-110 amendment of Order 799

Adopted 12-16-54

ORDER OF THE COMMISSION

BY THE COMMISSION:

These causes came on for hearing at 9 o'clock a.m. on April 15, 1954 and June 21, 1954, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 16th day of December, 1954, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearings, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of these cases and the subject matter thereof.

(2) That under the date of February 25, 1949, the Commission issued its Order 799 creating the Blanco-Mesaverde Gas Pool. That Order 799 defined the vertical and horizontal limits of the Blanco-Mesaverde Gas Pool, and that by subsequent orders the Commission extended the horizontal limits of the Blanco-Mesaverde Gas Pool.

(3) That under the date of November 9, 1951, the Commission issued Order No. R-110, amending and revising Order 799, to provide for 320 acre proration units, drilling and pipe cementing procedures, well spacing, and other pertinent rules.

the Mesaverde formation, whether or not such other lands shall have been at one time included in another designated field or pool producing from Mesaverde.

IT IS FURTHER ORDERED, That the Commission retain jurisdiction of this case for such other and further order or orders in the premises as may become necessary in order to make spacing and other adjustments and to protect correlative rights and further prevention of waste.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ EDWIN L. MECHEM, Chairman

/s/ GUY SHEPARD, Member

/s/ R. R. SPURRIER, Secretary

SEAL

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. 529
ORDER No. R-333

THE APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION FOR AN ORDER REVISING RULE 401, RULE 402 AND RULE 1121 OF THE COMMISSION'S RULES AND REGULATIONS TO PROVIDE FOR GAS WELL TESTING PROCEDURE APPLICABLE TO GAS WELLS COMPLETED IN SAN JUAN, RIO ARRIBA AND McKINLEY COUNTIES, NEW MEXICO; AND PROVIDING FOR A FORM C-122-A TO BE USED IN REPORTING THE RESULTS OF SUCH TESTS, WITH CERTAIN EXCEPTIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. April 16, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 17th day of June, 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That by reason of the unusual character of the gas-producing formations in the San Juan Basin area of San Juan, Rio Arriba and McKinley Counties, New Mexico, the existing statewide rules and regulations of the Commission in the matter of gas well testing procedure are inapplicable in said San Juan Basin area, and, there is need for the promulgation of special rules governing such testing procedure in the area aforesaid for the prevention of waste and the protection of correlative rights.

(3) That it is essential in view of the necessity for special procedural rules that an appropriate form for reporting such required tests be devised and adopted.

IT IS THEREFORE ORDERED:

That the following Special Rules and Regulations governing gas well testing in the said San Juan Basin (counties of San Juan, Rio Arriba and McKinley, New Mexico)

be, and the same hereby are promulgated and adopted as an exception to the general statewide rules and regulations of this Commission relating to gas well testing procedures (Rules 401, et seq.):

GAS WELL TESTING RULES AND PROCEDURES FOR SAN JUAN BASIN AREA

SECTION A. TYPE OF GAS WELL TESTS REQUIRED:

(1) THE INITIAL POTENTIAL TESTS: An "open flow" test and a "shut-in pressure" test shall be made immediately upon completion of each gas well.

(2) ORIGINAL DELIVERABILITY, AND SHUT-IN PRESSURE TESTS:

A deliverability (flow) and a shut-in pressure test shall be made and completed on each gas well within ninety (90) days after the first delivery of gas therefrom into a pipeline, and following a minimum of twenty (20) days continuous production. Report of such tests shall be made to the Commission upon official Form C-122-A, marked "Original", within the month next after such tests are completed.

(3) ANNUAL DELIVERABILITY, AND SHUT-IN PRESSURE TESTS:

Annual deliverability tests and shut-in pressure tests are required to be made during the period from April 1 through October 31 of each year of all producing wells; provided, however, that for new wells the original deliverability and shut-in pressure tests thereof are in lieu of the annual tests for the year in which such well or wells are completed; results of these annual tests are required to be filed with the Commission on Form C-122-A, marked "Annual", within the month next after completion of such tests.

(4) SCHEDULE OF TESTS:

Within thirty (30) days after the effective date of this order and, on or before February 15th of each succeeding year thereafter, the pipeline companies receiving gas from wells to be tested shall, in cooperation with their respective operators, submit a testing schedule for the annual deliverability and shut-in pressure tests for all wells connected to their respective pipeline systems; such test schedules shall be promptly filed with the Commission for approval, and, if approved, the Commission shall furnish each operator, as identified by lists of names and addresses furnished by the respective pipe line companies, with a copy of such schedule as approved by the Commission, or a part thereof pertinent to such operator's wells, immediately, in the first instance and thereafter, on or before March 15th, of each succeeding year. In any case where Original deliverability and shut-in pressure tests for new wells are to serve as the first annual tests, then and in that event the operator shall notify the Commission in writing at least five (5) days before the commencement of the tests.

In event changes for substantial reasons are necessary in the annual test schedule, the Commission shall be notified fifteen (15) days before tests are scheduled to commence.

(5) WHO MAY WITNESS TESTS: Any Initial Potential Test, Original or Annual Deliverability, and shut-in pressure test may be witnessed by any or all of the following: a competent representative of the Commission, an offset operator, a representative of the pipe line company taking gas from an offset operator, or a representative of a pipe line company taking gas from the well under test.

Deliverability tests required hereinabove in Paragraphs (2) and (3) of this section shall determine the calculated deliverability of each gas well, which shall be reported to the Commission by converting actual deliverability against existing line pressures to the calculated deliverability at a pressure equal to fifty (50) percent of the shut-in pressure of each well in the manner hereinafter specified below. Such calculated deliverability so determined, and hereinafter so referred to, shall not be considered as the actual deliverability of any well into a gas transportation facility, but shall be used by the Commission as an index to determine the well's ability to produce at assumed line pressures, as compared to other wells in the pool under like conditions.

SECTION B. PROCEDURES FOR TESTS:

The several known gas producing formations of the San Juan Basin represent a variety of testing situations, and each is treated separately.

I. MESAVERDE FORMATION:

(1) INITIAL POTENTIAL TEST: The initial potential test in the Mesaverde Formation shall be made after a minimum shut-in time of seven (7) days. The shut-in pressure will be measured by the use of a dead-weight gauge. The open flow shall be determined by a pitot tube measurement after unrestricted flowing of the gas to the air for a period of three (3) hours; the flow nipple shall be at least eight (8) diameters long. The pitot tube shall be constructed of either one-fourth (1/4) inch or one-eight (1/8) inch pipe (nominal diameter). Standard tables (Reid's) will be provided by the Commission, on request.

This test shall be reported on regular Commission Form C-104, or U. S. G. S. Form 9-330, dependent on the land ownership status upon which the well is located.

The following data is required to be reported immediately to the Commission:

(a) The open flow in MCF per day, calculated by the use of Reid's Tables.

(b) The shut-in well head casing and tubing pressure, psig.

(c) The actual length of time well is shut-in before test.

(2) ORIGINAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS:

The procedure and method for the original deliverability and shut-in pressure tests is hereinbelow described under annual deliverability tests, etc.

(3) THE ANNUAL DELIVERABILITY AND SHUT-IN PRESSURE TESTS:

(a) These tests shall be taken by unrestrictedly producing the well into the pipe line. The daily flowing rate shall be determined from an average of seven (7) consecutive producing days, following a minimum of twenty (20) consecutive days continuous production. All such production during the twenty (20) day conditioning period plus the seven (7) day deliverability test period shall be at working well head pressures not in excess of seventy-five (75) per cent of the previous annual seven (7) day shut-in pressure of such well if such previous annual shut-in pressure information is available; otherwise, the seven (7) day initial potential shut-in pressure of such well shall be used.

The working well head pressure (P_w) of any well under test shall be determined to be the seven (7) day average tubing pressure if the well is flowing through the casing; or the seven (7) day average casing pressure if the well is flowing through the tubing.

To obtain the shut-in pressure of a well under test the well shall be shut-in immediately after the seven (7) day deliverability test for the full period of seven (7) consecutive days. Such shut-in pressure shall be measured within the next succeeding twenty-four (24) hours following the seven (7) day shut-in period aforesaid.

All well-head pressures as well as the flowing meter pressure tests which are to be taken at the end of the seven (7) day deliverability test period, as required hereinabove shall be taken with a dead-weight gauge.

Orifice meter charts shall be used to obtain the average differential and flowing meter pressures, which pressures are to be used for calculating the average seven (7) day deliverability volume of flow by using the Basic Orifice Meter Formula $Q_h = C'\sqrt{h_w p_f}$. Orifice meter charts shall be changed, and so arranged as to reflect upon a single chart the flow data of gas from each well for the full seven day deliverability test period. Corrections shall be made for pressure base, measured flowing temperature, specific gravity and supercompressibility (superexpansibility), provided however, that if the specific gravity of gas from any well under test is not available, then and in that event an estimated specific gravity may be assumed therefor, based upon that of gas from nearby wells, the specific gravity of which has been actually determined by measurement.

The basic orifice flow factor (flow coefficient), pressure base factor, flowing temperature factor, and specific gravity factor shall be determined

by the use of the respective tables published in "Gas Measurement Committee Report No. 2" (revised, 1948) of the American Gas Association, New York 17, New York. The tables for the aforementioned factors and the method of computation of gas volumes through orifice flow meters contained in the aforesaid Report No. 2, are hereby approved.

Correction shall be made for supercompressibility (deviation from Boyle's law) for flowing meter pressures in excess of 100 psig. by the use of Simplified Supercompressibility Tables, compiled from C.N.G.A. Bulletins TS-402 and TS-461, published by John P. Squiers Company, Dallas, Texas; or California Natural Gasoline Association, Los Angeles, California, Bulletin TS-402 for flowing meter pressures from 100 to 500 psig. and bulletin TS-461, ibid., for flowing meter pressures in excess of 500 psig.

When supercompressibility (superexpansibility) correction is made for a gas containing either nitrogen, carbon dioxide or hydrogen sulfide in excess of 2 per cent. The pseudocritical pressure and temperature properties of such gas shall be corrected by the use of Table V of the above mentioned TS-402 for pressure 100-500 psig and TS-461 for pressures in excess of 500 psig.

Deliverability pressure, as used herein for Mesaverde production, is an arbitrary pressure applied to each well and used in the process of comparing the abilities of wells in this formation to produce against a back pressure equal to fifty (50) per cent, of the seven (7) day shut-in pressure of the respective individual wells, but in no case to exceed a maximum of 500 psia.

The "deliverability" of gas at the "deliverability pressure" of any well under test shall be calculated from the test data derived from the tests hereinabove required by use of the back-pressure formula:

$$Q = C \left(P_c^2 - P_w^2\right)^n$$

Using point seventy-five (.75) for the exponent "n" by the following formula:

$$D = Q \left[\frac{\left(P_c^2 - P_d^2\right)}{\left(P_c^2 - P_w^2\right)}\right]^n$$

WHERE:

D = Deliverability at the deliverability pressure, (P_d) MCF/da. (at Standard Condition of 15.025 psia and 60°F)

Q = Daily flow rate in MCF/da. at wellhead pressure (P_w)

P_c = Shut in casing (or tubing) wellhead pressure, psia.

P_d = Deliverability pressure; half of the individual well 7-day shut-in pressure, P_c, psia, not to exceed 500 psia.

P_w = Average wellhead working pressure, as determined from 7-day flow period, psia (casing pressure if flowing through the tubing, or tubing pressure if flowing through the casing).

η_n = Average pool slope of back pressure curve (0.75 for Mesaverde wells).

(b) In the event it is impossible to measure accurately the pressure of the static column of gas due to packer or bridges in the well bore, then the working wellhead pressure, P_w, shall be determined by adding the calculated pressure drop due to friction in the flowing column of gas to the actual flowing wellhead pressure. The method of determining the loss of pressure due to friction shall be specified on the test data sheet, C-122-A.

(c) Any test hereinabove provided for, except initial potential test, will be considered unacceptable if the average flow rate for the final 7 day deliverability test is 25 per cent in excess of any consecutive 7-day average of the preceding three weeks. A "deliverability test" not meeting this requirement shall be retested.

(d) The original and annual deliverability and shut-in pressure tests as required hereinabove shall be reported upon Commission Form C-122-A and filed with the Commission as provided hereinabove.

(e) All charts relative to original or annual deliverability tests shall be identified by the words "Test Chart No. 1" (2, 3, 4, etc.), and any or all charts or photostats thereof shall be made available to the Commission upon its request.

II. PICTURED CLIFFS FORMATION:

(1) INITIAL POTENTIAL TEST: Same as prescribed for Mesaverde formation; see Section B, subsection I, Mesaverde formation hereinabove. Paragraph 1.

(2) ORIGINAL DELIVERABILITY AND SHUT-IN PRESSURE TEST:

The same as provided in paragraph 3, next below.

(3) ANNUAL DELIVERABILITY AND SHUT-IN PRESSURE TEST:

In all respects the deliverability and shut-in pressure tests of wells in the Pictured Cliffs formation shall be made in conformity with the procedures set out in Section B, Subsection I, paragraph 3, (a) (b) (c) (d) (e) of the Mesaverde formation procedures, except that in paragraph (a) thereof, the back pressure formula, the exponent "n" shall have the value of point eighty-five (.85),

and the deliverability pressure (P_d) shall be one half (1/2) of the individual well pressure - P_c, psia, but not in excess of 250 psia.

III. FRUITLAND FORMATION:

(1) All initial potential, original and annual deliverability and shut-in pressure tests of gas wells producing from the Fruitland formation shall be identical in all respects to those requirements and procedures hereinabove set out and required for the Pictured Cliffs formation (Section B Subsection II, paragraphs 1-2 and 3).

IV. THE DAKOTA FORMATION: All tests of Dakota wells shall be in conformity with requirements and procedures provided hereinabove for the Mesaverde formation, except as follows:

(1) BARKER DOME - DAKOTA: (Storage Area)

(a) INITIAL POTENTIAL TEST: An average "pool slope", based upon bottom hole conditions, shall be established by the Commission after consideration of data to be provided by the operators; these data shall be based upon tests taken in conformity with the conventional back pressure method, indicated in Commission Rule 401. This "slope" shall be applied to each well in the Barker Dome-Dakota Area, arbitrarily, as if such slope were the actual performance back pressure slope of each such well, in the following manner:

This back pressure slope so established shall be plotted through a point predetermined by one stabilized flow rate at a working well head pressure not in excess of seventy-five (75)per cent of the seven (7) day shut-in pressure of such well.

The flowing volumes (Q) shall be corrected for pressure base, measured flowing temperature, specific gravity and supercompressibility, by the use of methods of calculation and tables hereinabove referred to and approved in Section B, Subsection 3, paragraph (a) Mesaverde procedures).

A seven (7) day shut-in pressure test shall be made for each well in the Barker Dome-Dakota Area, provided however, that where the shut-in period exceeds seven days such fact shall be reported to the Commission.

The values of the seven (7) day shut-in pressure (P_c) and the working well head pressure (P_w) shall be corrected to bottom hole conditions.

A schedule of tests shall be prepared by the transporter and approved by the Commission, and reports of such tests duly filed with the Commission, on form C-122, being the regular statewide form.

(b) ANNUAL POTENTIAL TEST: This test shall be made of all wells producing from the Barker Dome-Dakota storage area by obtaining seven

(7) day shut-in pressures of all Dakota wells, converting the same to bottom hole pressures (P_f), computing the squares of such bottom hole pressures, (P_f^2,) and applying the same to the original average "pool slope" to obtain an adjusted open flow. If so desired as an alternate method an adjusted open flow may be computed from the following equation:

$$O_{f_2} = O_{f_1} \left[\frac{\left(P_{f_2}\right)^2}{\left(P_{f_1}\right)^2} \right]^n$$

WHERE:

O_{f_2} = Adjusted absolute open flow.

O_{f_1} = Original absolute open flow.

P_{f_2} = New bottom hole shut-in (psia).

P_{f_1} = Old bottom hole shut-in (psia).

n = Slope of back pressure curve.

Tests of all wells in the Barker Dome-Dakota storage area shall be made during the period of April 1 through October 31 of each year and reports made to the Commission within the next succeeding month after test is made.

V. PENNSYLVANIAN FORMATION :

All tests of wells producing from the Pennsylvanian formation of the San Juan Basin Area shall be as follows:

(1) INITIAL POTENTIAL TEST: Immediately after completion of each new well an absolute open flow shall be determined by the conventional back-pressure method indicated by Rule 401 of the Commission's Rules and Regulations.

Seven day shut-in pressures will be used in all cases, and, if for any reason the shut-in period exceeds seven days, then, the actual shut-in time shall be reported.

(2) ANNUAL POTENTIAL TEST: This test shall be made of all wells producing from the Pennsylvanian formation of the San Juan Basin area, and such tests shall conform in all respects with the procedure set out next above under initial potential test or in the alternative, by obtaining a seven day shut-in pressure

of each well and converting the same to bottom hole pressure (P_f). The square of the bottom hole pressure (P_f^2) will be computed and applied to the original back pressure curve and an adjusted absolute open flow will be obtained.

If shut-in pressure time is in excess of seven (7) days, then the actual shut-in time shall be reported.

There is no objection to the use of an adjusted absolute open flow calculated from the equation as set out hereinabove under Dakota formation, Section B, Subsection IV, paragraph 1 - subparagraph b.

All tests hereunder shall be made during the period from April 1 through October 31 of each year, and reported to the Commission upon regular Form C-122 during the month succeeding the month in which the tests are made.

IT IS FURTHER ORDERED:

1. That Form C-122-A entitled "Gas Well Test Data Sheet, San Juan Basin", a copy of which is attached hereto for reference, be, and the same hereby is approved in open form subject to minor modifications as experience may indicate and without notice and hearing, and the same shall be used only for the area indicated, excepting therefrom only the Barker Dome-Dakota storage area, and the Pennsylvanian formation, all within the said San Juan Basin. This order modifies Rule 1121 of the Rules and Regulations of the Commission only to the extent of requiring reports upon Form C-122. These forms are hereby adopted for use in the San Juan Basin Area, with exceptions noted.

IT IS FURTHER ORDERED:

That other formations in the San Juan Basin Area which may in the future be found to be productive will be provided with testing programs on the basis of formation characteristics.

DONE at Santa Fe, the day and year hereinabove mentioned.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

E. S. Walker, Member

S E A L

R. R. Spurrier, Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE PETITION OF STANOLIND OIL AND GAS COMPANY FOR THE ADOPTION OF REGULATIONS ESTABLISHING UNIFORM SPACING IN THE BLANCO POOL IN SAN JUAN COUNTY, NEW MEXICO; ESTABLISHING THE LOCATION OF THE INITIAL WELL ON EACH 320 ACRES; FIXING REGULATIONS AS TO THE SETTING OF PIPE; AND FOR BACK PRESSURE TESTS OF THE VARIOUS STRATA.

Oct. 28, 1948
March 1, 1955

CASE NO. 163
Order No. 799

Superseded by R-110 (Recorded as an amendment)

ORDER OF THE COMMISSION

BY THE COMMISSION:

WHEREAS, after due notice as required by law the Commission held a public hearing in Santa Fe on October 28, 1948, to consider the petition of Stanolind Oil and Gas Company for the adoption of an order fixing the spacing of wells and other field rules for wells hereafter drilled in the Blanco (Mesaverde) Gas Pool, San Juan County, New Mexico, and related matters; and

WHEREAS, the Commission having considered the evidence adduced at such hearing, pertinent information otherwise available in the Commission's records, the statements made and viewpoints expressed by interested parties at or in connection with such hearing,

FINDS, from the evidence adduced:

A. That in order to eliminate waste of natural resources, protect correlative rights, protect potable water supplies, and encourage development in the Blanco (Mesaverde) Gas Pool, San Juan County, New Mexico;

B. That such pool has produced natural gas from the Mesaverde formation for approximately 20 years, the entire gas production being from one well;

C. That by reason of the undeveloped nature of the pool and of the general practices of certain operators, a fairly uniform spacing of one well to each 640 acres has heretofore prevailed throughout the pool;

D. That in view of present evidence and development it is not economically feasible to drill more than two wells to each 640 acre section, and accordingly, that more dense spacing may be conducive to waste and will unnecessarily increase the cost of development and production.

E. That for wells hereafter drilled, a general spacing pattern of one well on a unit of 320 acres, substantially in the shape of a rectangle, is required to protect the equities of those having interests in wells heretofore drilled on 320 or 640 acre tracts, for which general spacing pattern the pooling of properties should be encouraged when necessary;

F. That gas production and the gas productive area of the pool is likely to be substantially more extensive than the presently developed position thereof;

G. That waste, will result in drilling of wells in the pool, unless special rules and regulations are adopted for the prevention thereof;

H. That all evidence indicates that the size, outline, trend and reservoir conditions of the pool is not exactly known, and substantial revision of all present data may become necessary as development proceeds, necessitating future revision of certain parts of this order;

I. That in view of the very incomplete knowledge of the pool, it is necessary to require all operators to make complete core analysis and other special tests of the Mesaverde formation until the pool is more completely developed; and

J. That, while the Blanco-Mesaverde gas pool has been commercially productive for approximately 20 years, it has not heretofore been subject to cooperative action representative of the common interest of all operators or lease holders within the area, and there are an undetermined number of small landowners or lease-holders whose total holdings are either less than 320 acres or includes portions of 320 acre tracts.

THEREFORE, IT IS ORDERED that, effective on the date of this order, the following rules and regulations shall apply to wells hereafter drilled or completed or recompleted to the Mesaverde pool in the Blanco area, defined below, in addition to the Commission's applicable rules, regulations and orders heretofore or hereafter adopted to the extent not in conflict herewith:

Section 1. No well shall be drilled or completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless

(a) such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivisions of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;

(b) such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Lands Surveys, the north half, south half, east half or west half of each section of land constituting a drilling unit;

(c) such well shall be located 330 feet from the center of either the northeast or southwest quarter of the section subject to variation of 200 feet for topographic conditions. Further

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE PETITION OF STANOLIND OIL AND GAS COMPANY FOR THE ADOPTION OF REGULATIONS ESTABLISHING UNIFORM SPACING IN THE BLANCO POOL IN SAN JUAN COUNTY, NEW MEXICO; ESTABLISHING THE LOCATION OF THE INITIAL WELL ON EACH 320 ACRES; FIXING REGULATIONS AS TO THE SETTING OF PIPE; AND FOR BACK PRESSURE TESTS OF THE VARIOUS STRATA.

March 1, 1949

CASE NO. 163
Order No. 799

ORDER OF THE COMMISSION

BY THE COMMISSION:

WHEREAS, after due notice as required by law the Commission held a public hearing in Santa Fe on October 28, 1948, to consider the petition of Stanolind Oil and Gas Company for the adoption of an order fixing the spacing of wells and other field rules for wells hereafter drilled in the Blanco (Mesaverde) Gas Pool, San Juan County, New Mexico, and related matters; and

WHEREAS, the Commission having considered the evidence adduced at such hearing, pertinent information otherwise available in the Commission's records, the statements made and viewpoints expressed by interested parties at or in connection with such hearing,

FINDS, from the evidence adduced:

A. That in order to eliminate waste of natural resources, protect correlative rights, protect potable water supplies, and encourage development in the Blanco (Mesaverde) Gas Pool, San Juan County, New Mexico;

B. That such pool has produced natural gas from the Mesaverde formation for approximately 20 years, the entire gas production being from one well;

C. That by reason of the undeveloped nature of the pool and of the general practices of certain operators, a fairly uniform spacing of one well to each 640 acres has heretofore prevailed throughout the pool;

D. That in view of present evidence and development it is not economically feasible to drill more than two wells to each 640 acre section, and accordingly, that more dense spacing may be conducive to waste and will unnecessarily increase the cost of development and production.

E. That for wells hereafter drilled, a general spacing pattern of one well on a unit of 320 acres, substantially in the shape of a rectangle, is required to protect the equities of those having interests in wells heretofore drilled on 320 or 640 acre tracts, for which general spacing pattern the pooling of properties should be encouraged when necessary;

tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

Section 2. The special rules and regulations for the Blanco (Mesaverde) pool contained herein shall be limited in their application to the present 4200-5100 foot productive horizon where the productive sands are contained between the top of the Cliff House Sand and the base of the Point Lookout Sand of the Mesaverde.

Section 3. Proration Units: The proration unit shall consist of 320 acres or (a) a legal U. S. General Land Office Survey half-section and (b) the approximate 320 acre unit shall follow the usual legal sub-divisions of the General Land Office Section Surveys and (c) where proration units lie along the edge of field boundaries described in Section 1 above, exceptions shall be permissible in that contiguous tracts of approximately 320 acres, following regular U. S. G. L. O. sub-divisions, may be classed as proration units.

A. The pooling of properties or parts thereof shall be permitted, and, if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan of proration units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool; provided, that the owner of any tract that is smaller than the drilling unit established for the field, shall not be deprived of the right to drill on and produce from such tract if same can be done without waste; but in such case the allowable production from such tract, as compared with the allowable production therefrom if such tract were a full unit, shall be in the ratio of the area of such tract to the area of a full unit of 320 acres.

Section 4. Casing and Cementing Program:

A. Surface Pipe

The surface pipe shall be set through the shallow potable water bearing beds to a minimum depth of 250 feet and a sufficient amount of cement shall be used to circulate the cement behind the pipe to the bottom of the cellar. This surface casing shall stand cemented for at least 24 hours before drilling plug or initiating tests. The surface casing shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for one hour to constitute satisfactory proof of a water shut-off. In lieu of the foregoing test the cement job shall be tested by building up pressure of 1,000 psi,

closing the valves, and allowing to stand thirty minutes, If the pressure does not drop more than 100 lbs. during that period, the test shall be considered satisfactory. This test shall be made both before and after drilling the plug. In this regard all fresh waters and waters of present or probable future value for domestic, commercial or stock purposes shall be confined to their respective strata and shall be adequately protected by methods approved by the Commission. Special precaution shall be taken in drilling and abandoning wells to guard against any loss of artesian potable water from the strata in which it occurs and the contamination of artesian potable water by objectionable water, oil or gas. The Commission shall be notified at least 24 hours prior to the conducting of any test.

B. Production String

The production string shall be set on top of the Cliff House Sand with a minimum of 100 sacks of cement and shall stand cemented not less than 36 hours before testing the casing. This test shall be made by building up a pressure of 1,000 psi, closing the valves, and allowing to stand thirty minutes. If the pressure does not drop more than 100 lbs. during that period, the test shall be considered satisfactory.

C. General

All cementing shall be done by the pump and plug method. Bailing tests may be used on all casing and cement tests, and drill stem tests may be used on cement tests in lieu of pressure tests. In making bailing test, the well shall be bailed dry and remain approximately dry for thirty minutes. If any string of casing fails while being tested by pressure or by bailing tests herein required, it shall be re-cemented and re-tested or an additional string of casing should be run and cemented. If an additional string is used the same test shall be made as outlined for the original string. In submitting Form C-101, "Notice of Intention to Drill", the number of sacks of cement to be used on each string of casing shall be stated.

Rules 6, 8, 9, 10, 11, 12 and 14 of Order No. 4 of the Commission, effective 8/12/35, should be followed.

Section 5. Tubing: Any completed well which produces any oil shall be tubed. This tubing shall be set as near the bottom of the hole as practicable, but in no case shall tubing perforations be more than 250 feet from the bottom. The bottom of the tubing shall be restricted to an opening of less than 1" or bull-plugged in order to prevent the loss of pressure bombs or other measuring devices.

Section 6. Special Equipment: Any well which produces oil shall be equipped with a meter setting of adequate size to measure efficiently the gas, with this meter setting to be installed on the gas vent or discharge line. Wellhead equipment for all wells shall be installed and maintained in first class condition, so that static, bottom hole pressures and surface pressures may be obtained at any time by a duly authorized agent of the Commission. Valves shall be installed so that pressures may be readily obtained on the casing and also on the tubing, wherever tubing is installed. All connections subject to well pressure and all wellhead fittings shall be of first class material, rated at 2,000 psi working pressure and maintained in gas tight condition. Bradenheads rated at 2,000 psi shall be installed on all production string and bradenhead connections maintained in gas tight condition. There shall be at least one valve on each bradenhead. Operators shall be responsible for maintaining all equipment in first class condition and shall repair or replace equipment where gas leakage occurs.

Section 7. Safety Requirements: Drilling boilers shall not be set closer than 200 feet to any well or tank battery. All electrical equipment shall be in first class condition and properly installed.

Section 8. Shooting of Wells: Wells shall not be shot or chemically treated until the permission of the Commission is obtained. Each well shall be shot or treated in such manner as will not cause injury to the sand or result in water entering the oil or gas sand, and necessary precautions shall be taken to prevent injury to the casing. If shooting or chemical treating results in irreparable injury to the well or to the oil or gas sand, the well shall be properly plugged and abandoned. (See Rule 42 Order No. 4, Effective 8/12/35)

Section 9. Testing of Pays: All wells drilled through the Point Lookout Pay will be tested by means of separate back pressure tests in accordance with the methods adopted by the U. S. Bureau of Mines (Monograph 7) of (a) the Cliff House Pay (b) the Point Lookout Pay (c) both pays commingled with a minimum of three stabilized readings from a total minimum of three different sized orifices.

A. Wells which penetrated the Cliff House pay only will take minimum of three stabilized tests covering a total of three different sized orifices.

B. The foregoing tests shall be taken either in the process of completion, or in drilling, or by means of packer separations between the Point Lookout and Cliff House pays after completion. All tests should be certified and filed with the Commission, and the Commission shall be notified at least 24 hours prior to conducting any test.

C. Annual back pressure tests, using total of three different sized orifices, shall be taken in June, July or August on each completed well. Each test must be stabilized and plotted as a straight line function on logarithmic paper as outlined in U. S. Bureau of Mines Monograph 7.

D. Within six months of the effective date of this order, and every six months thereafter, there shall be a meeting of all operators within the Blanco-Mesaverde pool in the Commission offices in Santa Fe, New Mexico, to present and discuss new information and data gathered subsequent to the effective date of this order. The Commission may discontinue these meetings when in its opinion, the pool has reached a stage of development where such meetings are unnecessary.

Section 10. Protection of Mineral Deposits: Since the Menefee coal beds bear some gas and since these coal beds are of non-commercial value, Rule 20, Order No. 4 of the Commission dated 8/12/35 shall not apply to this field.

Section 11. Gas Wastage: Mesaverde gas shall not be flared since this is principally a gas reservoir and any well not connected to a commercial or domestic taker shall be shut-in until such market is obtained. Wells in this field shall be permitted to produce and market gas, as long as such can be done without waste, equitably between proration units for the field.

Section 12. Bradenhead Gas: Bradenhead gas shall not be used either directly or expansively in engines, pumps or torches, or otherwise wasted. It may be used for lease and development purposes and for the development of nearby leases, except as prohibited above. Wells shall not be completed as Bradenhead gas wells unless special permission is obtained from the Commission.

Section 13. Any provision herein to the contrary notwithstanding, the Commission may, and in proper cases will, on petition or on its own motion, by order entered after notice and hearing to the extent required by law, grant exceptions and permit drilling locations to become effective, thereby authorizing the drilling or completion of wells in the pool not conforming to the requirements of Sections 1 through 12 above if the Commission shall find that the property sought to be drilled would be deprived of an opportunity to produce gas from the pool in the absence of such exception, or irrespective of such findings, if the Commission shall find that by reason of all circumstances an exception is proper in the prevention of waste, or undue drainage between properties, or otherwise in the exercise by the Commission of its jurisdiction over the spacing of wells or its other powers conferred by law, express or implied.

IT IS FURTHER ORDERED that, in accordance with recommendations of the Northwestern New Mexico Nomenclature Committee approved and adopted by this Commission, the Mesaverde gas producing pool in the Blanco area, to which this order applies, is defined to include the following described land in San Juan County, New Mexico:

TOWNSHIP 29 NORTH, RANGE 9 WEST
All of Sections 3, 4, 5, 10, 11, 14 and 15

TOWNSHIP 30 NORTH, RANGE 9 WEST
Section 7, S/2; Section 8, S/2;
All of Sections 16, 17, 18, 19,
20, 21, 22, 27, 28, 29, 30, 32,
33 and 34.

All additional lands located within one-half (1/2) mile of any land in the pool as defined or as it may be extended shall conform to these rules and regulations; provided, however, that such pool shall in no event be extended so as to include any lands now or hereafter included by the Commission in some other producing area formally designated as an oil or gas pool in the Mesaverde, provided, further, by order of this Commission the pool may be redesignated from time to time so as to embrace other lands in the vicinity which are believed, on the basis of additional developments, to be capable of producing gas from the Blanco pool, whether or not such other lands shall have been at one time included in another designated field or pool producing from Mesaverde.

Entered and adopted by the Oil Conservation Commission this 25day of February, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

CHAIRMAN

MEMBER

SECRETARY

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:

Supersedes Order 799

CASE NO. 317
ORDER NO. R-110

THE APPLICATION OF THE OIL CONSERVATION COMMISSION OF NEW MEXICO UPON ITS OWN MOTION FOR AN ORDER AMENDING ORDER NUMBER 799 RELATING TO THE BLANCO POOL, SAN JUAN COUNTY, NEW MEXICO, SPECIFICALLY INCLUDING SECTION 4-A CASING AND CEMENTING PROGRAM, AND OTHER MATTERS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on regularly for hearing on October 23, 1951, at 10 a. m., at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter called the "Commission".

NOW, on this 9th day of November, 1951, the Commission, a quorum being present, having considered the testimony adduced and exhibits received at said hearing, 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, of all interested parties, and the subject matter thereof.

(2) That this matter originally came up for hearing on petition of the Blanco Gas Company for an exception to Section 4-A of Order 799, Blanco Pool Casing Requirements, San Juan County, in Case Number 283, which Case Number 283 was dismissed by Commission Order Number R-90.

(3) That evidence submitted and testimony received in Case Number 283 tended to show modification of Order Number 799 is advisable and necessary.

(4) That Order Number 799 relating to the Blanco Pool, in San Juan County, New Mexico, should be amended to provide for the orderly development of the pool as defined and described in Order Number R-89 issued in Case Number 291 and designated as the Blanco (Mesaverde) Pool, and as the pool may hereafter be changed or extended, for the purpose of promoting conservation and preventing waste, and as amended herein, be the special pool rules of the Blanco (Mesaverde) Pool as described in Order Number R-89.

IT IS THEREFORE ORDERED:

(1) That Order Number 799, being the Blanco Pool special rules, as hereinafter amended shall be the rules of the Blanco (Mesaverde) Pool, as said pool is more fully defined and described in Commission Order Number R-89, and as said pool may hereafter be changed, reduced or extended.

(2) That Order Number 799 be, and the same hereby is amended as follows:

That, effective on the date of this order, the following rules and regulations shall apply to wells hereafter drilled or completed or re-completed to the Mesaverde Pool in the Blanco area, defined below, in addition to the Commission's applicable rules, regulations and orders heretofore or hereafter adopted to the extent not to conflict herewith:

Section 1. No well shall be drilled or completed or recompleted and no Notice of Intention to Drill or Drilling Permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;

(b) Such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Land Surveys, the north half, south half, east half or west half of each section of land constituting a drilling unit;

superceded by R-397

(c) Such well shall be located 330 feet from the center of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

Section 2. The special rules and regulations for the Blanco (Mesaverde) Pool contained herein shall be limited in their application to the present 4200-5100 foot productive horizon where the productive sands are contained between the top of the Cliff House Sand and the base of the Point Lookout Sand of the Mesaverde.

Section 3. Proration Units: The proration unit shall consist of 320 acres or (a) a legal United States General Land Office Survey half-section and (b) the approximate 320 acre unit shall follow the usual legal subdivision of the General Land Office Section Surveys and (c) where proration units lie along the edge of field boundaries described in Section 1 above, exceptions shall be permissible

in that contiguous tracts of approximately 320 acres, following regular United States General Land Office subdivisions may be classed as proration units.

(a) The pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan of proration units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool; provided, that the owner of any tract that is smaller than the drilling unit established for the field, shall not be deprived of the right to drill on and produce from such tract if same can be done without waste; but in such case the allowable production from such tract, as compared with the allowable production therefrom if such tract were a full unit, shall be in the ratio of the area of such tract to the area of a full unit of 320 acres.

Section 4. Casing and Cementing Program:

A. Surface Pipe:

The surface pipe shall be set to a minimum depth of 100 feet, and where shallow potable water-bearing beds are present, the surface pipe shall be set to such shallow potable water bearing beds and a sufficient amount of cement shall be used to circulate the cement behind the pipe to the bottom of the cellar. This surface casing shall stand cemented for at least 24 hours before drilling plug or initiating tests. The surface casing shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for one hour to constitute satisfactory proof of a water shut-off. In lieu of the foregoing test the cement job shall be tested by building up a pressure of 1,000 psi, closing the valves, and allowing to stand thirty minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory. This test shall be made both before and after drilling the plug. In this regard all fresh waters and waters of present or probable future value for domestic, commercial or stock purposes shall be confined to their respective strata and shall be adequately protected by methods approved by the Commission. Special precaution shall be taken in drilling and abandoning wells to guard against any loss of artesian potable water from the strata in which it occurs and the contamination of artesian potable water by objectionable water, oil or gas. The Commission shall be notified at least 24 hours prior to the conducting of any test.

B. Production String:

The production string shall be set on top of the Cliff House Sand with a minimum of 100 sacks of cement and shall stand cemented not less than 36 hours

before testing the casing. This test shall be made by building up a pressure of 1,000 psi, closing the valves, and allowing to stand thirty minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory.

C. General:

All cementing shall be done by the pump and plug method. Bailing tests may be used on all casing and cement tests, and drill stem tests may be used on cement tests in lieu of pressure tests. In making bailing test, the well shall be bailed dry and remain approximately dry for thirty minutes. If any string of casing fails while being tested by pressure or by bailing tests herein required, it shall be re-cemented and re-tested or an additional string of casing should be run and cemented. If an additional string is used, the same test shall be made as outlined for the original string. In submitting Form C-101, "Notice of Intention to Drill", the number of sacks of cement to be used on each string of casing shall be stated.

D, Rules and Regulations of the Commission relating to drilling, abandonment, production shall be applicable.

Section 5. Tubing:

Any completed well which produces any oil shall be tubed. This tubing shall be set as near the bottom of the hole as practicable, but in no case shall tubing perforations be more than 250 feet from the bottom. The bottom of the tubing shall be restricted to an opening of less than 1 inch or bullplugged in order to prevent the loss of pressure bombs or other measuring devices.

Section 6. Special Equipment:

Any well which produces oil shall be equipped with a meter setting of adequate size to measure efficiently the gas, with this meter setting to be installed on the gas vent or discharge line. Wellhead equipment for all wells shall be installed and maintained in first class condition, so that static, bottom hole pressures and surface pressures may be obtained at any time by a duly authorized agent of the Commission. Valves shall be installed so that pressures may be readily obtained on the casing and also on the tubing, wherever tubing is installed. All connections subject to well pressure and all wellhead fittings shall be of first class material, rated at 2,000 psi working pressure and maintained in gas-tight condition. Bradenheads rated at 2,000 psi shall be installed on all production string and bradenhead connections maintained in gas-tight condition. There shall be at least one valve on each bradenhead. Operators shall be responsible for maintaining all equipment in first class condition and shall repair or replace equipment where gas leakage occurs.

Section 7. Safety Requirements:

Drilling boilers shall not be set closer than 200 feet to any well or tank battery. All electrical equipment shall be in first class condition and properly installed.

Section 8. Shooting of Wells:

Wells shall not be shot or chemically treated until the permission of the Commission is obtained. Each well shall be shot or treated in such manner as will not cause injury to the sand or result in water entering the oil or gas sand, and necessary precautions shall be taken to prevent injury to the casing. If shooting or chemical treatment results in irreparable injury to the well or to the oil or gas sand, the well shall be properly plugged and abandoned. (See Rule 42, Order No. 4, Effective 8-12-35.)

Section 9. Testing of Pays:

All wells drilled through the Point Lookout Pay will be tested by means of separate back pressure tests in accordance with the methods adopted by the United States Bureau of Mines (Monograph 7) of (a) the Cliff House Pay (b) the Point Lookout Pay (c) both pays commingled with a minimum of three stabilized readings from a total minimum of three different sized orifices.

A. Wells which penetrate the Cliff House Pay only will take minimum of three stabilized tests covering a total of three different sized orifices.

B. The foregoing tests shall be taken either in the process of completion, or in drilling, or by means of packer separations between the Point Lookout and Cliff House Pays after completion. All tests should be certified and filed with the Commission, and the Commission shall be notified at least 24 hours prior to conducting any test.

C. Annual back pressure tests, using total of three different sized orifices, shall be taken in June, July or August on each completed well. Each test must be stabilized and plotted as a straight line function on logarithmic paper as outlined in United States Bureau of Mines Monograph Number 7.

D. Within six months of the effective date of this order, and every six months thereafter, there shall be a meeting of all operators within the Blanco-Mesaverde pool in the Commission Offices in Santa Fe, New Mexico, to present and discuss new information and data gathered subsequent to the effective date of this order. The Commission may discontinue these meetings when in its opinion, the pool has reached a stage of development where such meetings are unnecessary.

Section 10. Protection of Mineral Deposits:

Since the Menefee coal beds bear some gas and since these coal beds are of non-commercial value, Rule 20, Order Number 4 of the Commission dated August 12, 1935, shall not apply to this field.

Section 11. Gas Wastage:

Mesaverde gas shall not be flared since this is principally a gas reservoir and any well not connected to a commercial or domestic taker shall be shut-in until such market is obtained. Wells in this field shall be permitted to produce and market gas, as long as such can be done without waste, equitably between proration units for the field.

Section 12, Bradenhead Gas:

Bradenhead gas shall not be used either directly or expansively in engines, pumps or torches, or otherwise wasted. It may be used for lease and development purposes and - for the development of nearby leases, except as prohibited above. Wells shall not be completed as Bradenhead gas wells unless special permission is obtained from the Commission.

Section 13. Any provision herein to the contrary notwithstanding, the Commission may, and in proper cases will, on petition or on its own motion, by order entered after notice and hearing to the extent required by law, grant exceptions and permit drilling locations to become effective, thereby authorizing the drilling or completion of wells in the pool not conforming to the requirements of Sections 1 through 12 above if the Commission shall find that the property sought to be drilled would be deprived of an opportunity to produce gas from the pool in the absence of such exception, or irrespective of such findings, if the Commission shall find that by reason of all circumstances an exception is proper in the prevention of waste, or undue drainage between properties, or otherwise in the exercise by the Commission of its jurisdiction over the spacing of wells or its order powers conferred by law express or implied.

Section 14: All additional lands located within one mile of any land in the pool as defined above or as it may be extended shall conform to these rules and regulations; provided, however, that by order of this Commission the pool may be redesignated from time to time so as to embrace other lands in the vicinity which are believed on the basis of additional developments, to be capable of producing gas from

the Mesaverde formation, whether or not such other lands shall have been at one time included in another designated field or pool producing from Mesaverde.

IT IS FURTHER ORDERED, That the Commission retain jurisdiction of this case for such other and further order or orders in the premises as may become necessary in order to make spacing and other adjustments and to protect correlative rights and further prevention of waste.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ EDWIN L. MECHEM, Chairman

/s/ GUY SHEPARD, Member

/s/ R. R. SPURRIER, Secretary

SEAL