

Entered February 17, 1972
A.H.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

ORDER NO. A-258

STATEWIDE OIL PRORATION ORDER FOR MARCH AND APRIL, 1972

The Oil Conservation Commission held public hearing at Santa Fe, New Mexico, on February 16, 1972, at 9 a.m., pursuant to legal notice for the purpose of setting the allowable production of oil within the State of New Mexico for the months of March and April, 1972.

NOW, on this 17th day of February, 1972, the Commission, a quorum being present, having considered the testimony adduced as to probable market demand, the nominations of purchasers, the capacities of producing wells, together with the anticipated newly completed or recompleted wells, and being otherwise fully advised in the premises,

FINDS:

(1) That the reasonable market demand for oil produced in the State of New Mexico during the months of March and April, 1972, is approximately 432,331 barrels per day, which total includes a demand for approximately 409,435 barrels of oil per day from the counties of Lea, Eddy, Chaves, and Roosevelt, and a demand for approximately 22,896 barrels of oil per day from the counties of San Juan, McKinley, Rio Arriba, and Sandoval.

(2) That the potential producing capacity of all oil wells in the State is in excess of such reasonable market demand, and in order to prevent waste the production of oil should be limited, allocated, and distributed for the months of March and April, 1972.

(3) That all the producing oil wells, together with the expected completed or recompleted wells in the State within the proration period, can produce a total of approximately 432,331 barrels per day without causing waste, and an allocation based upon such production would be reasonable and would protect correlative rights.

(4) That the demand for oil from each of the above-described areas is separate and distinct and cannot be reasonably met by the production of oil from the other area, and that the production allowable for each of the said areas should be based upon the demand for oil from that area.

(5) That a total Southeast New Mexico production allowable of 409,435 barrels per day, which includes 5,000 barrels per day supplemental allowable for new production, can be produced without waste by a distribution and allocation of such production among the oil wells in Lea, Eddy, Chaves, and Roosevelt Counties by the establishment of a normal unit allowable for those counties of 80 barrels per unit per day.

(6) That a total Northwest New Mexico production allowable of 22,896 barrels per day, which includes 250 barrels per day supplemental allowable for new production, and 65 barrels of back allowable, can be produced without waste by a distribution and allocation of such production among the oil wells in San Juan, McKinley, Rio Arriba, and Sandoval Counties by the establishment of a normal unit allowable for those counties of 100 barrels per unit per day.

(7) That applications for back allowable totalling approximately 3,945 barrels were received from Beard Oil Company and Gil Oil and Gas Company, operators in the Lone Pine-Dakota "D" Oil Pool, McKinley County, New Mexico, as the result of under-production resulting from inclement weather during December, 1971. That said 3,945 barrels of applied for back allowable should be authorized for production during March and April, 1972.

IT IS THEREFORE ORDERED:

(1) For the months of March and April, 1972, a normal unit allowable for production of oil in the allocated pools within Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, is hereby set at 80 barrels per unit per day; provided that each well in the Knowles Pool in Lea County under 80-acre spacing Order No. R-40 (except as amended by Order No. R-52) is allocated 160 barrels per 80 acres, with deep-pool adaptation. Provided further that the top unit allowable for the North Mason-Delaware Pool in Lea and Eddy Counties is hereby set at 67 barrels per unit per day in accordance with the provisions of Order No. R-944. Provided further that the top unit allowable for the South Carter-San Andres Pool in Lea County is hereby set at 44 barrels per unit per day in accordance with the provisions of Order No. R-1012. The allocation hereby set for said months in the allocated pools of Lea, Eddy, Chaves, and Roosevelt Counties shall be in accordance with Rules 502, 505, and 506 of the Commission Rules and Regulations, and subject to and as modified by any valid orders of the Commission relating directly to any well, areas, or pools, and the assignment of allowable thereto.

(2) A Southeast New Mexico proration schedule duly prepared by the Commission and thereafter adopted for the months of March and April, 1972, is hereto attached and made a part hereof. Said proration schedule distributes and allocates the allowable production among the oil wells in Lea, Eddy, Chaves, and Roosevelt Counties for the period stated. The sale, purchase, or acquisition, or the transporting, refining, processing, or handling in any other way of oil produced in excess thereof is hereby prohibited, and such oil is thereafter contraband.

(3) For the months of March and April, 1972, a normal unit allowable for production of oil in the allocated pools within San Juan, McKinley, Rio Arriba, and Sandoval Counties, New Mexico, is hereby set at 100 barrels per unit per day; provided that each well in the Bisti-Lower Gallup Oil Pool in San Juan County, to which has been dedicated 80 acres, is allocated 200 barrels per 80 acres in accordance with the provisions of Order No. R-1069-B. The allocation hereby set for said months in the allocated pools of San Juan, McKinley, Rio Arriba, and Sandoval Counties shall be in accordance with Rules 502, 505, and 506 of the Commission Rules and Regulations, and subject to and as modified by any valid orders of the Commission relating directly to any well, areas, or pools, and the assignment of allowable thereto.

(4) For the months of March and April, 1972, approximately 3,945 barrels of supplemental allowable is hereby authorized for production at the rate of 65 barrels per day by certain wells operated by Beard Oil Company and Gil Oil and Gas Company in the Lone Pine-Dakota "D" Oil Pool, McKinley County, New Mexico. The oil wells listed in this supplemental proration schedule are those top allowable wells which incurred underproduction during December, 1971, as the result of purchaser prorationing by Western Oil Transportation Company, Inc.

(5) A Northwest New Mexico proration schedule duly prepared by the Commission and thereafter adopted for the months of March and April, 1972, is hereto attached and made a part hereof. Said proration schedule distributes and allocates the allowable production among the oil wells in San Juan, McKinley, Rio Arriba, and Sandoval Counties for the period stated. The sale, purchase, or acquisition, or the transporting, refining, processing, or handling in any other way of oil produced in excess thereof is hereby prohibited, and such oil is thereafter contraband.

-4-

ORDER NO. A-258

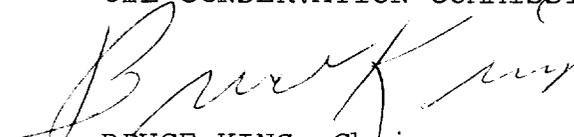
(6) For the months of March and April, 1972, the basic 40-acre Area Allowable Factors for waterfloods in Southeast New Mexico and Northwest New Mexico shall be 80 and 100, respectively, in accordance with Rule 701 E 4 of the Commission Rules and Regulations.

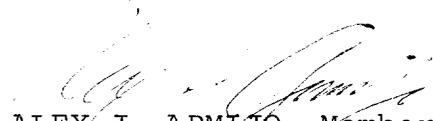
IT IS FURTHER ORDERED:

The foregoing order shall remain effective until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

S E A L

dr/