

*Entered December 31, 1959
A.S.P.*

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. 1829
Order No. R-1554

APPLICATION OF JOHN M. KELLY FOR
AN ORDER PERMITTING ONE OVER-
PRODUCED GAS WELL IN THE JALMAT
GAS POOL, LEA COUNTY, NEW MEXICO,
TO COMPENSATE FOR ITS OVER-
PRODUCTION AT A LESSER RATE THAN
COMPLETE SHUT-IN IN EXCEPTION TO
ORDER NOS. R-520 AND R-967

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 11, 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 16th day of December, 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 Shahan Well No. 3, located in the SW/4 NE/4 of Section 33, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, is more than six times over-produced and is, therefore, subject to complete shut-in under the provisions of Order Nos. R-520 and R-967.
- (3) That due to severe liquid problems, the applicant seeks an order permitting the over-production to be made up at a lesser rate than complete shut-in in order to preclude permanent injury to the subject well.
- (4) That the applicant should be permitted to produce the subject well at a monthly rate equal to fifty percent of the well's current monthly allowable or at a monthly rate equal to fifty percent of the well's average monthly allowable for the preceding six-month proration period, whichever is greater.

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

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

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to compensate for the over-production of the Shahan Well No. 3, a Jalmat gas well located in the SW/4 NE/4 of Section 33, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, by producing it at a monthly rate equal to fifty percent of the well's current monthly allowable or at a monthly rate equal to fifty percent of the well's average monthly allowable for the preceding six-month proration period, whichever is greater.

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

(2) That the effective date of this order is December 1, 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

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