

Entered November 12, 1972
D.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. 4816
Order No. R-3811-C

APPLICATION OF PENROC OIL
CORPORATION FOR A SPECIAL
GAS-OIL RATIO LIMITATION
INCREASE, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 13, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of November, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Penroc Oil Corporation, is the operator of certain wells in the Hobbs-Drinkard Pool, Lea County, New Mexico.

(3) That the Commission, by Order No. R-3811, dated August 14, 1969, promulgated special rules and regulations for the Hobbs-Drinkard Pool, including a special gas-oil ratio limitation of 4,000 cubic feet of gas per barrel of oil produced.

(4) That the Commission, by Order No. R-3811-B, dated November 10, 1970, amended the previously promulgated special rules for the Hobbs-Drinkard Pool to provide a limiting gas-oil ratio for said pool of 3,000 cubic feet of gas per barrel of oil produced.

(5) That the applicant, Penroc Oil Corporation, seeks the further amendment of the special rules to provide a limiting gas-oil ratio for the Hobbs-Drinkard Pool of 6,000 cubic feet of gas per barrel of oil produced.

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(6) That there are wells completed in and producing from the Hobbs-Drinkard Pool with test ratios, as well as daily producing ratios, which are well within the presently assigned limiting ratio of 3,000 to one.

(7) That to adopt a limiting gas-oil ratio of 6,000 to one may give to wells producing with a high ratio of gas to oil an undue share of the reservoir energy, causing waste and violating correlative rights.

(8) That the adoption of a limiting gas-oil ratio for the Hobbs-Drinkard Pool of 5,000 cubic feet of gas per barrel of oil produced will not cause waste nor violate correlative rights, but will ensure the operator of each well in the pool the opportunity to produce without waste his just and equitable share of the oil and gas in the pool.

IT IS THEREFORE ORDERED:

(1) That Rule 7 of the Special Rules and Regulations for the Hobbs-Drinkard Pool, Lea County, New Mexico, is hereby amended to read in its entirety as follows:

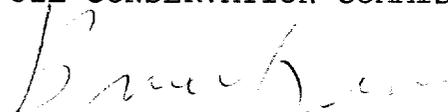
"RULE 7. The limiting gas-oil ratio shall be 5,000 cubic feet of gas for each barrel of oil produced."

(2) That the effective date of this order shall be 7:00 a.m. December 1, 1972.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

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