

ASK PETE IF HE WOULD RECOMMEND WITH REFERENCE TO AN ORDER IN CASE 902
COMMINGLING OF PRODUCTION FROM OIL AND GAS POOLS DEFINED BY ORDER R
520 THAT NEW WELLS BE ALLOWED TO COMMINGLE OR ONLY THOSE WELLS WHICH
M HAVE BEEN RECLASSIFIED IT WOULD SEEM THAT IF THE OPERATORS ARE
GOING TO DRILL NEW OIL WELLS IN THE GAS POOLS AND IF THE GAS POOLS ARE TO
BE EXTENDED TO INCLUDE THESE OIL WELLS THE OPERATORS SHOULD BE WILLING
TO BUILD SEPARATE TANK BATTERIES,

END OR GA

TO BE DISSUED WITH PETE LATER

BILL WILL BRING THE CAPROCK RECOMMENDATIONS THIS AFTERNOON

END END OR GA

END

Charlie, I believe the order should apply
to all wells that are now producing and new
wells which may be completed. Of course a well
which is completed a mile or more from the
boundary of Emment's monument pool ~~is~~ and
necessitates an extension to Emment would no
doubt require separate tanks, anyway. Pete

NEW MEXICO
OIL CONSERVATION COMMISSION



Box 2045
HOBBS, NEW MEXICO

April 4, 1955

GOVERNOR JOHN F. SIMMS
CHAIRMAN
LAND COMMISSIONER E. S. WALKER
MEMBER
STATE GEOLOGIST W. B. MACEY
SECRETARY & DIRECTOR

Mr. W. B. Macey
Box 871
Santa Fe, New Mexico


Dear Bill:

Commission Order R-520 defines the vertical limits of the following oil and gas pools in Lea County, New Mexico: Jalmat, Eumont, Arrow, Arrowhead, Cooper Jal, South Eunice and Langlie Mattix. The Commission staff is now in the process of examining the records of all wells in the above listed pools for the purpose of placing them in the proper pools. The result will be that many wells will be taken from the pools in which they are now listed and placed in other pools. There, no doubt, will be basic leases on which all wells are presently listed in the same pools (and producing into common tankage) which will be affected to the extent that one or more of the wells may remain in that pool while others on the lease may be placed in other pools. When the changes are made, therefore, continued production into common tankage would constitute a violation of the provisions of Rule 303.

In recognition of the fact that in most instances the wells have been producing into common tankage for a number of years, and that the establishment of separate storage would appear to be an unjustifiable expense to the producers, in the above listed pools, it is my suggestion that the provisions of Rule 303 having specifically to do with Comingling, be waived.

Yours very truly,

OIL CONSERVATION COMMISSION


A. L. Porter, Jr.
Proration Manager

ALP/jh

CC: O.C.C.
Hobbs, N.M.

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May 14, 1955

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P

Y

Mr. W. B. Macey
Oil Conservation Commission
Santa Fe, New Mexico

Re: Case 902

Dear Mr. Macey:

Commission Order R-520 defines the vertical limits of the following oil and gas pools in Lea County, New Mexico; Jalmat, Eumont, Arrow, Arrowhead, Eunice-Monument, South Eunice, Cooper Jal and Langlie Mattix. The vertical limits of some of these pools were changed by this order from those originally established by previous orders. The Commission staff is now in the process of examining the records of all the wells in the above listed pools for the purpose of placing them in pools with vertical limits which correspond to the producing intervals of the individual wells. The result will be that many wells will be taken from the pools in which they are currently prorated and placed in other pools. There will be basic leases on which all wells are presently prorated in the same pool and producing into common tankage, which will be affected to the extent that one or more of the wells will remain in that pool while other wells on the lease will be placed in another pool.

In recognition of the fact that the most of the wells thus to be affected, have been producing into common tankage for a considerable period of time, and that the establishment of separate tankage would appear to be an undue expense to the producers, I believe that the Commission would be justified in writing an order whereby an operator, by obtaining approval on form C-110, would be allowed to commingle oil production from two separate pools as defined in Order R-520, provided that all the wells from which the production is obtained are located on the same basic lease. If such an order is deemed advisable, I believe the matter of granting the necessary authority in each case could be handled in the manner described in the next paragraph.

When the records of all the wells in a pool have been examined, a notice will be sent by the Commission to the producers, advising them of any change in pool designation on any well, and instructing them to file form C-110 showing the change in pool designation. If the operator desires to produce a well into common tankage with a well or wells on the same basic lease in another pool, he should insert the following statement on form C-110: "Permission is hereby requested to produce this well into common storage with wells on the same lease currently prorated in _____ pool." The same procedure could be followed in filing form C-110 for newly completed wells. An approved copy of the C-110 would constitute the operator's authority to commingle the oil and the transporter's authority to run it.

On leases where commingling is practiced under the provisions of such an order, a separate form C-115 should be filed for the wells in each pool, showing the allowable and production by individual wells, but the totals for each lease or tank battery as to storage, production and runs should be consolidated and shown on form C-115 for one pool only, with a notation on the other form C-115 indicating where the totals are shown.

The order should also exempt the transporter from the requirement of separating the runs by wells and pools on "Transporter's and Storer's Report " Form C-112.

Yours very truly,

OIL CONSERVATION COMMISSION

A. L. Porter, Jr.
Proration Manager

ALP/cd

Case 902
File in 30 file

New Mexico

OIL CONSERVATION COMMISSION

LAND COMMISSIONER E. S. WALKER
MEMBER

STATE GEOLOGIST W. B. MACEY
SECRETARY & DIRECTOR



BOX 2045
HOBBS, NEW MEXICO

May 14, 1955

Mr W. B. Macey
Oil Conservation Commission
Santa Fe, New Mexico.

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GOVERNOR JOHN F. SIMMS
CHAIRMAN

New Mexico
OIL CONSERVATION COMMISSION

LAND COMMISSIONER E. S. WALKER
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SECRETARY - DIRECTOR



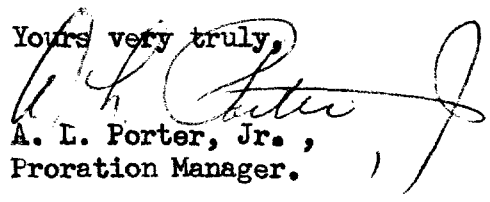
BOX 2045
HOBBS, NEW MEXICO

Page two.

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The order should also exempt the transporter from the requirement of separating the runs by wells and pools on "Transporter's and Storer's Report" Form C 112.

Yours very truly,


A. L. Porter, Jr.,
Proration Manager.

USE OF COMMON STORAGE

Special Order No. 20-20,740, Governing the Filing of Reports in Fields
Where Common Storage Has Been Approved, Effective May 1, 1951.

WHEREAS, Certain oil fields in the State of Texas are now producing oil from two or more reservoirs or zones; and

WHEREAS, The Railroad Commission of Texas has heretofore or may hereafter publish separate proration schedules for each reservoir or zone in said field; and

WHEREAS, Oil is being produced or may hereafter be produced from two or more reservoirs or zones underlying the same lease or tract; and

WHEREAS, The Commission has heretofore or may hereafter approve the use of common tankage for the accumulation of oil produced from two or more reservoirs or zones underlying a lease or tract.

NOW, THEREFORE, IT IS ORDERED By the Railroad Commission of Texas that effective 7:00 a.m., May 1, 1951, in all fields or areas in which the Commission has approved the use of common storage where oil is produced from two or more separate reservoirs or zones and separate proration schedules are published by the Commission for each reservoir or zone, the operator of said lease shall not be required to file separate Railroad Commission Form SW-1 "Producer's Certificate of Compliance and Authorization to Transport Oil or Gas from Lease" for each reservoir or zone, but may file one Form SW-1 to authorize the transportation of oil or gas from all reservoirs or zones producing into common tankage.

IT IS FURTHER ORDERED By the Commission that effective 7:00 a.m., May 1, 1951, a gatherer transporting oil from leases on which the use of common storage has been approved by the Commission as aforesaid shall not be required to file a report on Form SW-2 covering the gathering of oil from each separate reservoir or zone, but may file report on Form SW-2 to cover the gathering of oil from all reservoirs or zones producing into said common tankage.

IT IS FURTHER ORDERED By the Commission that effective 7:00 a.m., May 1, 1951, a gatherer transporting oil from leases as aforesaid shall not be required to report on the Combined ED-1 and SW-6 the amount of oil transported from each separate reservoir or zone, but shall report the total amount of oil transported from all reservoirs or zones producing into the common tankage.

IT IS FURTHER ORDERED By the Commission that effective 7:00 a.m., May 1, 1951, the operator of leases as aforesaid shall file Form EB "Monthly Producer's Report" for each separate zone or reservoir, and, in addition thereto, said operator shall file an EB Report showing the data as required on said report combined for all zones produced into said common tankage.

(Section I - Statewide Rules)

RULE 21. (As Amended by Order No. 20-1758, Effective July 31, 1940, and Order No. 20-8,060, Effective September 1, 1945.) Where oil and gas are found in the same stratum and it is impossible to separate one from the other, or when a well has been classified as a gas well according to Commission Order No. 20-550 dated January 18, 1939, and titled, "General Order Classifying Wells Producing Condensate in the State of Texas," or where a well has been classified as a gas well under the Statute and such gas well is not connected to a recycling plant and such well is being produced on a lease and the gas utilized under Article 6008, the operator shall install a separating device of approved type and sufficient capacity to separate the oil or liquid hydrocarbons from the gas, which separating device shall be kept in place as long as a necessity therefor exists, and after being installed such device shall not be removed nor the use thereof discontinued without the consent of the Railroad Commission of Texas. All oil and/or distillate or any other liquid hydrocarbons as and when produced shall be adequately measured according to the pipe line rules and regulations of the Commission before the same leaves the lease from which they are produced and sufficient tankage and separator capacity shall be provided by the producer to adequately take daily gauges of all oil, distillate and/or liquid hydrocarbons and gas produced.

In instances where two or more tracts of land (regardless of whether or not the tracts are covered by the same original lease) have their working interests owned by the same parties, have royalty interests owned by the same parties, and are located in such proximity to each other as to permit, under practical operating conditions, the running of the oil from all of said tracts into common tankage, the production from said leases may be run into a common tank battery or batteries provided that a permit allowing the use of a common tank battery or common tank batteries shall have first been obtained from the Chief Supervisor of the Oil and Gas Division of the Railroad Commission of Texas. Likewise, where two or more leases have been unitized by an agreement among the owners of the working interests therein and the owners of the royalty interests therein, a permit for the running of the production of these leases into common tankage may be secured where said leases are located in such proximity to each other as to permit, under practical operating conditions, the running of the oil from all said leases into common tankage, after the Commission has been furnished a copy of such unitization agreement. The oil produced from the tracts described in this paragraph shall be produced in the manner set out in the first paragraph above, but said measurements shall be taken in the aforementioned common tank battery or batteries, in which event the operator shall be required to mark such common battery or batteries so as to show the particular tracts from which oil is being run therein.

In instances where oil is produced from a lease or other property covered by the coastal or inland waters of the State, the oil produced may, at the option of the operator, be measured on a shore or at a point removed from the lease or other property on which it is produced.