

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS



PRODUCING DEPARTMENT
WEST TEXAS DIVISION
H. S. COLE, JR., DIVISION MANAGER

P. O. BOX 1720
FORT WORTH, TEXAS

August 27, 1940

SUBJECT: APPLICATION FOR EXCEPTION TO NEW
MEXICO CONSERVATION COMMISSION ORDER
NO. 250 & FINAL ORDER IN THIS CAUSE
PROPOSED FOR ADOPTION ON AUGUST 29,
1940, COVERING

THE TEXAS COMPANY

M. L. Parker No. 1 - Eaves Pool
C. W. Shepherd No. (a) 1 - Jal Field
C. W. Shepherd No. (b) 1 - Jal Field
C. W. Shepherd No. (b) 2 - Jal Field
C. W. Shepherd No. (b) 3 - Jal Field
C. W. Shepherd No. (b) 4 - Jal Field
W. T. Lanehart No. 1 - Langlie Field
C. C. Cagle No. (a) 1 - Rhodes Field
C. C. Cagle No. (a) 2 - Rhodes Field
C. C. Cagle No. (b) 1 - Rhodes Field
C. C. Cagle No. (b) 2 - Rhodes Field
H. G. Moberly No. (b) 1 - Rhodes Field
W. H. Rhodes No. (a) 1 - Rhodes Field
W. H. Rhodes No. (a) 2 - Rhodes Field
State of N.M. "Y" No. 1 - Rhodes Field

The Honorable Commissioners,
Oil Conservation Commission,
State of New Mexico,
Santa Fe, New Mexico.

Gentlemen:

On April 1, 1940, your honorable body adopted regulations governing gas/oil ratios in the various producing fields in New Mexico, designated as Order No. 250, setting aside previous orders covering this matter. Order No. 250 is to be effective until final order is adopted in this cause and assigns the following maximum gas/oil ratio to the fields as shown:

<u>FIELD</u>	<u>RATIO</u>
Eaves	7,000
Langlie	7,000
Jal	10,000
Rhodes	2,000

8-27-40

A hearing has been called for August 29, 1940, for the purpose of considering proposals for the adoption of a final order in this cause.

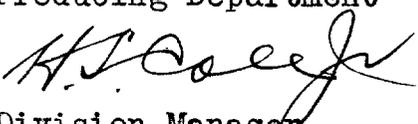
The Texas Company owns and operates the subject wells in the above fields and the restrictions to be imposed upon them by Order No. 250 and the proposed final order will result in physical waste and confiscation of property.

We respectfully submit for your consideration the attached discussions and exhibits, which for convenience are bound under separate covers for each field. In view of the facts presented, we respectfully request that subject wells of The Texas Company be exempted from restrictions imposed by Order No. 250 or final gas/oil ratio order which may be adopted after formal hearing set for August 29, 1940.

Your early favorable reaction and advice is solicited and will be appreciated.

Yours very truly,

THE TEXAS COMPANY
Producing Department


Division Manager

AEW-JRH

Encls.

Loco Hills Operators' Committee

ARTESIA, NEW MEXICO

EMERY CARPER
CHAIRMAN GENERAL COMMITTEE

BERT ASTON
CHAIRMAN EXECUTIVE COMMITTEE

FRED BRAINARD
SECRETARY

MEMBERS
MARTIN YATES, JR.
C. M. POPE, JR.
HUGH JOHNSON

August 27 1940

State Oil Conservation Comm.,
Santa Fe,
N.M.

Gentlemen;

At a meeting of the Executive Committee of the Loco Hills Operators Committee, last night, it was decided that in view of the fact that we have been unable to run oil with any regularity due to pipe line congestion and hence unable to take gas oil ratios and bottom hole pressures with any regularity, to ask for an extension of time in which to make our recommendations for this area.

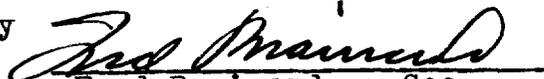
Thanks to the co-operation of the various purchasing companies and the Texas New Mexico Pipe Line Company, this pipe line congestion has been eliminated by the laying of a 6" line by the Texas New Mexico Pipe Line Co. and we expect to commence taking gas oil ratios and bottom hole pressures in the near future.

With the above facts in mind we respectfully ask that the Commission grant a stay of 30 days in the hearings for this field, or until September 30, as we feel that by this time we will have sufficient data to make intelligent recommendations.

Yours very truly,

Loco Hills Operators Executive Comm.

by


Fred Brainard Sec.

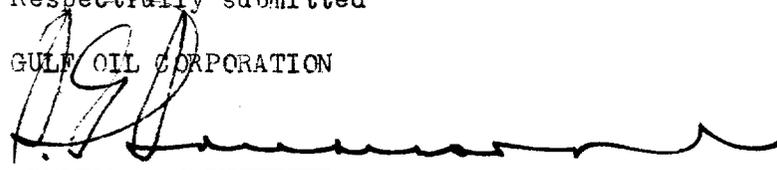
discriminatory, inequitable and conducive to underground waste. In addition, the potential capacity of natural gas wells in that area, namely, the Lynn, Cooper, Jal, Laves, Rhodes, Langlie, Mattix and Skelly pools is many times the available gas market. For these reasons it is recommended that as soon as practicable a hearing be called for the purpose of receiving evidence regarding a proration plan for natural gas in those pools. This is in accordance with the first paragraph of Section 10, Chapter 72 of the Session Laws of New Mexico, 1935, in which it is provided that, "Included in the power given to the commission is the authority: to collect data; to make investigations and inspections; to examine properties, leases, papers, books and records; to examine, check, test and gauge oil and gas wells, and tanks, plants, refineries, and all means and modes of transportation and equipment; to hold hearings; to provide for the keeping of records and the making of reports, and for the checking of the accuracy thereof; to limit and prorate production of crude petroleum oil and natural gas; to require either generally or in particular areas certificates of clearance or tenders in connection with the transportation of crude petroleum oil or any products thereof, or both such oil and products."

It is recommended that no changes be made in the wording of Paragraph 22 which would change the meaning of that paragraph as read into the record by Mr. Schuele. This paragraph which controls the amount of gas which may be produced from gas wells in a reservoir not designated as predominantly gas-bearing, might be termed the most important from the standpoint of conservation of any paragraph in the recommended order. All the conservation effected by all of the other paragraphs could be entirely dissipated if the provisions of Paragraph 22 were not included. It is quite obvious that the savings of gas and reservoir energy made possible by extensive remedial work might easily be lost and vast quantities of oil might be forever trapped within the reservoir if wells producing gas only from that reservoir are allowed to produce without restriction.

Since no reference was made in the call of the hearing to changing the size of units producing gas only from an oil reservoir, it is assumed that no evidence will be received on this subject. Insofar as the size of the unit in reservoirs predominantly oil bearing is concerned, it is believed that the hearings conducted during 1935 & 1936 included adequate evidence on the subject and that 40 acres is adequate and proper, whether the well produce oil or be a gas well in an oil reservoir. With reference to the size of the unit in areas designated as predominantly gas bearing, it is recommended that this subject be included in the Call for the hearing with reference to the proration of natural gas.

Respectfully submitted

GULF OIL CORPORATION


S. G. Sanderson

General Superintendent

4

BEFORE THE OIL CONSERVATION COMMISSION
IN THE MATTER OF CASE 21
REGARDING THE ESTABLISHMENT OF MAXIMUM GAS-OIL RATIOS AND THE
CONTROL OF PRODUCTION OF GAS FROM THE VARIOUS POOLS
IN THE STATE OF NEW MEXICO

Statement of the Gulf Oil Corporation

The Gulf Oil Corporation urges that the proposed gas-oil ratio order as read into the record by R. S. Schuele at the hearing held on July 29, 1940, be accepted without change and approved by the Commission as soon as possible. It is also urged that no blanket exception or exemption be allowed since there is danger that such action would nullify all of the conservation measures provided in the proposed order. Likewise there is danger that such blanket exception or exemption would nullify all of the remedial and conservation work which the operators of oil properties have so heartily cooperated in performing at great expense. This would be waste in every sense of the word and would cause irrecoverable loss of oil underground.

It is recommended that exemption be granted to individual wells or properties only, after the owner has submitted to the Commission adequate proof that the well or property is producing from a predominantly gas-bearing reservoir or that it is subject to paragraph 27 of the proposed order.

(T 255 R 37E)

It is recognized that the El Paso Natural Gas Company is faced with a serious situation in that it is connected to wells having a potential capacity of many times the available market, but that the proposed order if applied before designating that certain reservoirs are predominantly gas bearing, would reduce the available gas to approximately one-fourth of the El Paso's requirements. To remedy this situation it is recommended that concurrently with the promulgation of the gas-oil ratio order a temporary order be made designating the following areas as predominantly gas bearing: All of Township 26 South, Range 37 East; all of Township 26 South, Range 36 East; all of Township 25 South, Range 36 East, except the north tier of sections; the west half of west half of Sections 7 and 18; all of Section 19; the west half of Section 20; all of Sections 28, 29, 30, 31, 32 and 33. It is believed that most engineers and geologists agree that the area described is predominantly gas bearing, and since during the year 1939 slightly in excess of 80% of El Paso Natural Gas Company's takes were from that area, it should satisfy El Paso's objection and make available to it a sufficient supply of gas. In recommending that the above described area be temporarily designated as predominantly gas bearing, it is not intended that it be temporary to the extent that it would need to be renewed from proration period to proration period, but should remain in force only until an investigative body can pass upon and present evidence to the Commission as to which reservoirs should be designated as predominantly gas bearing.

The foregoing has to do with the control of gas production and gas-oil ratios in oil reservoirs. Another somewhat related subject, the control of the production of natural gas from gas reservoirs, also demands attention. For several years there has grown up the practice of unequal gas withdrawals from certain wells in the southern portion of Lea County. The practice has been