

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY
THE NEW MEXICO OIL CONSERVATION COMMISSION
FOR THE PURPOSE OF CONSIDERING:

CASE NO. 156
ORDER NO. 784

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER GOVERNING GAS OIL RATIOS FOR LEA,
EDDY AND CHAVES COUNTIES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 A.M. on July 29, 1948 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico hereinafter referred to as the "Commission".

NOW, on this 10th day of September 1948, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises;

FINDS:

1. That the Commission has jurisdiction in the matter.

2. That the order herein is reasonable and necessary in the material curtailment of avoidable underground and surface forms of waste affording the owner of each property in a pool in the respective counties, the opportunity to produce his just and equitable share of the oil and gas by using his just and equitable share of the reservoir energy of the pool within the meaning of the gas and oil conservation law in Chapter 72, Laws of New Mexico, 1935, taking into consideration all pertinent factors applicable to the various fields; such as age, state of depletion, character of producing formations, water and gas drive, application of gas to beneficial use, and the returning of gas to the formations for storage, repressuring and pressure maintenance projects.

IT IS THEREFORE ORDERED:

That the Order herein amending Order No. 712 shall be applicable to the pools in Lea, Eddy and Chaves Counties, New Mexico and shall be known as the:

LEA-EDDY-CHAVES COUNTIES NEW MEXICO GAS-OIL RATIO ORDER
(AS AMENDED SEPTEMBER 10, 1948)

1. (a) The proration unit shall be the unit of proration as defined by the State-wide Proration Order (with deep-pool adaptation).

(b) A marginal unit is; for pools having no special proration plan, a proration unit that will not produce the top unit allowable as in the State-wide Proration Order (with deep-pool adaptation); and for pools having such plans, a proration unit that will not produce the acreage factor allowable thereunder-both during the Gas-Oil Ratio Test.

(c) A non-marginal unit is; for pools having no special proration plans, a proration unit that will produce the top unit allowable as in the State-wide Proration Order (with deep-pool adaptation); and for pools having such plans, a proration unit that will produce the acreage factor allowable - both during the Gas-Oil Ratio Test.

(d) The top unit allowable shall be as in the State-wide Proration Order (with deep pool adaptation).

(e) The gas-oil ratio of a proration unit shall be the total net formation gas produced with the oil from such unit divided by the total net barrels of oil so produced during the Gas-Oil Ratio Test.

(f) The limiting gas-oil ratios for the various pools shall be as in Section 2 hereinbelow.

(g) A high gas-oil ratio unit shall be a proration unit that exceeds the limiting gas-oil ratio prescribed for the pool in which such unit is located.

(h) A low gas-oil ratio unit shall be a proration unit that does not exceed the limiting gas-oil ratio prescribed for the pool in which it is located.

(i) The gas-oil ratio adjustment shall be as in Section 3 hereinbelow.

(j) The unadjusted allowable shall be the allowable a proration unit would receive before the gas-oil ratio adjustment is applied.

(k) The adjusted allowable shall be the allowable a proration unit receives after the gas-oil ratio adjustment is applied.

(l) The Official Gas-Oil Ratio Test applicable shall be such Test designated by the Commission, made by such method and means, in such manner, and at such periods as the Commission in its discretion may prescribe from time to time. That a definite schedule be worked out by the Commission for conducting and submitting such tests of wells in each pool within the counties aforesaid and the making and the filing with the Commission the report of such official gas-oil ratio tests shall be construed a part of such tests. The Commission will drop from the proration schedule any proration unit for failure to make such test as hereinabove described until such time as a satisfactory test has been made or full or proper explanation given.

2. (a) The limiting gas-oil ratios in cubic feet per barrel for the following pools shall be to wit:

<u>POOL</u>	<u>GAS OIL RATIO LIMIT</u>	<u>COUNTY</u>
Anderson	2000	Eddy
Arrowhead	3500	Lea
Artesia	2000	Eddy
Atoka	2000	Eddy
Barber	2000	Eddy
Benson	2000	Eddy
Blinebry	2000	Lea
Brunson	2000	Lea
Burton	2000	Eddy
Caprock	2000	Chaves & Lea
Cass	2000	Lea
Comanche	2000	Chaves
Corbin	2000	Lea
Culwin	2000	Eddy
Daugherty	2000	Eddy
Dayton	2000	Eddy
Dayton, East	2000	Eddy
Drinkard	2000	Lea
Dublin	2000	Lea
Eaves	2000	Lea
Eighty-four Draw	2000	Lea
Empire	2000	Eddy
Eunice-Monument;		
Eunice portion	6000	Lea
Monument	3000	Lea
Eunice, West	2000	Lea

<u>POOL</u>	<u>GAS OIL RATIO LIMIT</u>	<u>COUNTY</u>
Fenton	2000	Eddy
Forrest	2000	Eddy
Fren	2000	Eddy
Getty	2000	Eddy
Grayburg-Jackson	4000	Eddy
Halfway	2000	Lea
Harrison	2000	Lea
Henshaw	2000	Eddy
High-Lonesome	2000	Eddy
High-Lonesome South	2000	Eddy
Hobbs	3500	Lea
Jones	2000	Lea
Lea	2000	Lea
Leo	2000	Eddy
Loco Hills	3000	Eddy
Lovington	2000	Lea
Lovington, West	2000	Lea
Lusk, East	2000	Lea
Lusk	2000	Eddy & Lea
Lusk, West	2000	Eddy
Lynch	2000	Lea
Lynch, North	2000	Lea
Maljamar	3000	Eddy & Lea
Maljamar, North	2000	Lea
Maljamar, South	2000	Lea
McMillan	2000	Eddy
Paddock	2000	Lea
PCA	2000	Eddy
Pearsall	2000	Lea
Premier	2000	Eddy
Red Lake	2000	Eddy
Roberts	2000	Lea
Roberts, West	2000	Lea
Robinson	2000	Eddy & Lea
Russell	2000	Eddy
Salt Lake	2000	Lea
San Simon	2000	Lea
Shugart	2000	Eddy
Shugart, North	2000	Eddy
Skaggs	2000	Lea
Square Lake	2000	Eddy
Tonto	2000	Lea
Turkey Track	2000	Eddy
Young	2000	Lea
Vacuum	2500	Lea
Watkins	2000	Lea
Weir	2000	Lea
New & undesignated pools	2000	

(b) No limiting gas-oil ratio shall be applied in Hardy, Penrose-Skelly, Langlie-Mattix, Rhodes Oil Pool, Cooper-Jal, and South Eunice pools in Lea County, (see order 633) and Scanlon in Eddy County, now primarily gas reservoirs. Provided that the oil produced with the gas shall not be in excess of the current top unit allowable; and provided further that the gas produced from said pools shall be put to beneficial use so as not to constitute waste, except as to proration units in said pools for which there are not facilities for the marketing or application to beneficial use of the gas produced therefrom. As to such proration units the limiting gas-oil ratio in effect immediately prior to the effective date of the order herein shall apply. As to said pools, gas-oil ratio tests shall be required only when the Commission within its discretion may from time to time indicate.

3. The system of gas-oil ratio control shall be that of volumetric control, whereby the current oil allowable for a proration unit, under the provisions of the State-wide Proration Order (with deep-pool adaptation), is adjusted by reason of exceeding the corresponding limiting ratio hereinabove described, in accordance with the following formula:

(a) Any proration unit which, on the basis on the latest official gas oil ratio test has a gas oil ratio in excess of the limiting gas oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which fraction shall be the limiting gas oil ratio for the pool and the denominator of which fraction shall be the gas oil ratio of said proration unit as determined by the latest official gas oil ratio test.

(b) "Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable (deep pool adaptation) currently assigned to the pool, to be effective in all pools in New Mexico where the gas-oil ratio is limited by Commission Order. This will place all producing wells, whether oil or gas, in these pools on the proration schedule."

(c) A marginal unit shall be permitted to produce the same total volume of gas which it would be permitted to produce if it were a non-marginal unit.

(d) From the pool allocation shall be deducted the amount of oil allocated to marginal units and high gas-oil ratio units, then the remaining oil shall be distributed to the low gas-oil ratio units, within the same pool in accordance with the pool proration plan.

(e) All gas produced with the current oil allowable determined in accordance with this order shall be deemed to have been lawfully produced.

4. No proration units within a repressuring or pressure maintenance project area, where 65% available residue of the total gas withdrawal is returned to the formation shall be affected by the limiting ratios of this order. Such areas shall be those set out by the Commission by Order upon hearing as provided by law.

5. All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the Proration Schedule with adjusted allowables stated.

6. The order herein supersedes Orders 237,250,545,650 and 712.
This order shall become effective on the first day of the proration month next succeeding the month in which said Order is adopted.

7. That jurisdiction of this case is hereby retained by the Commission to approve schedules of time and manner of taking and reporting gas oil ratios for wells in the separate pools of Lea, Eddy, and Chaves Counties and for other purposes connected therewith.

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

OIL CONSERVATION COMMISSION

CHAIRMAN

MEMBER

SECRETARY