

Summary of ...

RS



SHELL OIL COMPANY

MAIN OFFICE OCC

MIDLAND AREA

MAILING ADDRESS
P. O. BOX 1509
MIDLAND, TEXAS

GENERAL OFFICES
PETROLEUM BUILDING
MIDLAND, TEXAS
MAY 21 AM 11:44

May 18, 1954

Oil Conservation Commission
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

Gentlemen:

With respect to Case No. 673 Shell Oil Company proposes as follows:

- 1) That the line dividing the Langmat and Jalco gas pools be eliminated
- 2) That the vertical limits, as defined, be retained in the Arrow, Eumont, Jalco, and Langmat gas pools, except that these limits extend to include the Tansill lime section
- 3) That a non-flare rule as recommended by the Commission be adopted
- 4) That a gas-oil ratio limit of 6000:1 be adopted for those fields now exempt from a gas-oil ratio limit
- 5) That a gas well be defined as a well which produces gas not associated with crude petroleum oil in the reservoir, or a well which produces more than 100,000 cubic feet of gas to each barrel of crude petroleum from the same producing horizon
- 6) That the 100% acreage allocation factor for gas production be retained.

Shell Oil Company is otherwise in general accord with the gas pool orders as written.

Yours very truly,

M. A. Sherwood
General Superintendent

CAH:GM

THE ATLANTIC REFINING COMPANY
PETROLEUM PRODUCTS

McCLINTIC BUILDING
MIDLAND, TEXAS

MAIN OFFICE 000

May 21, 1954

MAY 20 AM 9:43

MAILING ADDRESS
P. O. BOX 871
MIDLAND, TEXAS

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

ATTENTION: Mr. R. R. Spurrier

Gentlemen:

With reference to Case 673 concerning the re-hearing on the rules for the Eumont, Arrow, Langmat and Jalco Gas Pools, The Atlantic Refining Company requests that the following statement be made a part of the record in this case:

The Atlantic Refining Company recommends that the present vertical and areal limits of the Eumont, Arrow, Langmat and Jalco gas pools be retained; however, there is no objection to the combination of the Langmat and Jalco pools for proration purposes, if the Oil Conservation Commission desires to effect this change. Insofar as the pool rules for the four pools under consideration are concerned, Atlantic recommends the following changes to the existing rules: (1) A standard gas proration unit of 640 acres confined to a legal section with provision for formation of non-standard units containing less than 640 acres either (a) after notice and hearing or (b) subsequent to notification to offset operators and to a twenty-day waiting period from the date that application was filed with the Commission, provided no objections have been expressed in writing to the Commission by any offsetting operator. (2) For proration purposes, any well producing from a designated gas pool or any well producing with a gas-oil ratio in excess of 100,000 cubic feet per barrel from any pool other than a designated gas pool should be classified as a gas well. (3) A trial gas-oil ratio limit of 10,000 cubic feet per barrel for those oil pools underlying the four gas pools under discussion and not presently limited.

With respect to allocation, The Atlantic Refining Company is of the opinion that allocation on a 100% acreage basis represents the most feasible and equitable plan for proration of gas in the Eumont, Arrow, Langmat and Jalco pools. It is recommended that allocation on this basis be retained by the Oil Conservation Commission.

Yours very truly

THE ATLANTIC REFINING COMPANY

R. E. Howard

R. E. Howard
Regional Petroleum Engineer

JHV/ms

JOHN M. KELLY
BOX 5671
ROSWELL, NEW MEXICO

May 20, 1954

John M. Kelly
Case 673
MAIN OFFICE OCC

1954 MAY 21 AM 11:26

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

With reference to revision of gas proration rules as set forth in orders previously issued by the Commission, I respectfully suggest to the Commission that consideration be given to the following:

1. Define a gas well in terms of gas-oil ratios. My definition would be, "A gas well shall mean a well that produces more than one hundred thousand cubic feet of gas to each barrel of crude oil from the same producing formation.
2. Prorate each zone of the same general structure as a separate pool, either as an oil pool or as a gas pool, granting an allowable to each zone. I believe the Commission is directed to so allocate production in this manner under the basic Oil and Gas Conservation Act of 1949 and as amended. This act states that the Commission shall prohibit waste on "a pool" basis and "Pool" is defined "as an underground reservoir containing a common accumulation of oil or gas or both. Each zone of a general structure, which zone is completely separated from any other zone in the structure, is covered by the word "pool" as used herein. Therefore the Commission is directed to prorate as separate units oil and or gas areas within each producing zone. (Yates, Queen, Grayburg, San Andres zones, in the same general structure.)
3. Issue a "no-flare order" for each prorated oil or gas field.
4. Place a limiting gas-oil ratio on all prorated oil pools. Said ratio to be not less than 10,000 to 1 in the sand area of South Lea County, but should be adjusted upward as reservoir conditions dictate.

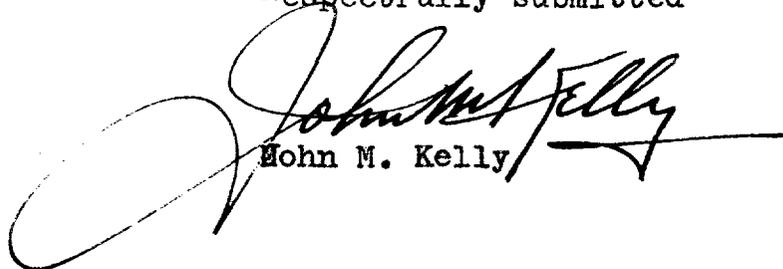
5. Consider correlative rights and/or equal economic return to an operator for invested capital; if the Commission imposes gas-oil ratio control on oil fields to balance volumetric withdrawals from the gas fields, I request the Commission to consider and balance the economic return an operator receives from high pressure dry gas as compared to low pressure casinghead gas.

6. Issue a six months proration schedule for gas pools and supplement this schedule as demand increases toward the end of the six month period.

7. Grant each completed gas well an allowable based on its share of market demand on the day that Forms C-104 and C-110 are filed with the Commission. It is unfair for an operator to wait for an allowable until such time as a purchaser desires to grant him a connection.

8. Allocate gas to carbon black or other non-industrial pipe line use only if the price paid the producer is equal that paid by interstate pipeline transporters taking similar gas.

Respectfully submitted


John M. Kelly