

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1568

TRANSCRIPT OF HEARING

DECEMBER 17, 1958

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
DECEMBER 17, 1958

IN THE MATTER OF: :

CASE 1568: In the matter of the hearing called by the :
Oil Conservation Commission on its own mo- :
tion to consider the revision of Rule 301 :
(b) of the Commission Rules and Regulations: :
to provide that the results of gas-oil :
ratio tests taken during regular survey :
periods shall be filed by the 10th day of :
the month following the close of the survey: :
period for the pool. :

BEFORE:

Edwin L. Mechem
Murray Morgan
A. L. Porter

T R A N S C R I P T O F P R O C E E D I N G S

MR. PORTER: Take up next Case 1568.

MR. PAYNE: Case 1568. In the matter of the hearing
called by the Oil Conservation Commission on its own motion to con-
sider the revision of Rule 301 (b) of the Commission Rules and
Regulations to provide that the results of gas-oil ratio tests
taken during regular survey periods shall be filed by the 10th day
of the month following the close of the survey period for the pool.

MR. COOLEY: If the Commission please, I am William J.
Cooley, appearing on behalf of the Oil Conservation Commission,
Case 1568, in the matter called on the Commission's own motion to

revise Rule 301 (b) of the Commission Rules and Regulations.

(Witness sworn)

RANDALL MONTGOMERY,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY: MR. COOLEY:

Q Would the witness please state his name and position?

A Randall Montgomery, proration manager for the New Mexico Oil Conservation Commission.

Q Mr. Montgomery, the Commission has called this case on its own motion to revise the provisions of present Rule 301 (b) of the Oil Conservation Commission Rules and Regulations. At the outset, would you please read the present provisions of Rule 301 (b)?

A "The results of gas-oil ratio tests taken during regular survey periods shall be filed with the Commission on Form C-116 not later than the 15th of the month following the close of the survey period for the pool in which the well is located. The gas-oil ratios thus reported shall become effective for proration purposes on the first day of the second month following the close of the survey period. Unless Form C-116 is filed within the required time limit, no further allowable will be assigned the affected well until Form C-116 is filed."

Q Mr. Montgomery, have the present provisions of Rule 301

(b) had any adverse effect on the efficient operation of the Oil Conservation Commission?

A It has.

Q In what regard, sir?

A Due to the very rapid increase of development in the southeast, and low increase in the time limit in which to work our proration schedule all out, and the same number of employees working, we are finding our time limit is becoming shorter and shorter and causing a hardship on the employers to calculate the allowables based on this Form C-116.

Q Have you graphically depicted the effects that the present Rule has had on the present Oil Conservation Commission?

A I have.

Q Has that graph been identified as Exhibit 1?

A It has.

Q Will you please refer to that Exhibit and explain what is shown?

A This shows the number of oil completions by counties in southeast New Mexico since the year 1951. Further, I have plotted the total number of wells that were producing in Lea and Chaves Counties as of January 1 of each year. January 1 of 1951 there were 4,262 wells in Lea and Chaves Counties. These are the wells which are affected by the gas-oil ratio limits. There has been a growth each year until I estimate January 1 of 1959 that we will have 7,534 wells. Under that effect, that is a growth of 43.4 percent in nine years.

Q Then, the purpose of your exhibit is to graphically depict the growth of operations in your area?

A Yes, sir.

Q Do you have any recommendations, Mr. Montgomery, regarding a change in Rule 301 (b) which would alleviate some difficulties that have resulted therefrom?

A It is my recommendation that the Rule -- one word be changed, that is, changed from the 15th to the 10th of the month following the close of the survey period.

Q That is, that the reports of GOR tests would be due in the Oil Conservation Commission office on the 10th of the month after the tests are taken rather than on the 15th, as the Rules presently provide?

A Yes, sir.

Q Do you feel that this revision in the Rules will have any adverse effect on the operators in your area?

A Not in my opinion.

Q Do you think that it is reasonable to expect to report those to the Commission by the 10th of the month?

A I do.

MR. COOLEY: That concludes our case, Mr. Commissioner. I would like now to offer Exhibit 1 in Case 1568, which, as the witness has testified, was prepared by him.

MR. PORTER: Without objection, the Exhibit will be admitted. Anyone have any questions of Mr. Montgomery? Anybody want

to argue with him about his recommendations? The witness may be excused.

(Witness excused)

MR. PORTER: Anyone have anything further to offer in this case? It is the Commission's decision to go along with Mr. Montgomery's recommendations and change the filing date for form C-116 from the 15th to the 10th of the month.

Let's have a short recess.

