

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 1698  
Order No. R-1437

APPLICATION OF SHELL OIL COMPANY  
FOR AN ORDER EXEMPTING ALL WELLS  
IN THE CARSON UNIT AREA AND ALL  
OTHER SHELL WELLS IN TOWNSHIP  
25 NORTH, RANGES 11 AND 12 WEST,  
BISTI-LOWER GALLUP OIL POOL, SAN  
JUAN COUNTY, NEW MEXICO, FROM THE  
DAILY TOLERANCE PROVISIONS OF  
RULE 502 I(a) OF THE COMMISSION  
RULES AND REGULATIONS

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8:00 o'clock a.m. on June 24, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 7<sup>th</sup> day of July, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Shell Oil Company, seeks an order granting an exception to the daily tolerance provisions of Rule 502 I(a) of the Commission Rules and Regulations for all wells in the Carson Unit Area and for all Shell wells in Township 25 North, Ranges 11 and 12 West, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- (3) That the evidence presented indicates that the production of oil in excess of the 125 percent daily tolerance will not injure the Bisti-Lower Gallup Oil Pool.

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(4) That approval of the subject application will enable the applicant to deliver casinghead gas into the gas gathering facilities at a more constant rate.

(5) That approval of the subject application will neither cause waste nor impair correlative rights provided that the volume of casinghead gas produced does not at any time exceed the capacity of the gas gathering and processing available to handle this casinghead gas.

(6) That the exemption from the daily tolerance provisions of Rule 502 I(a) of the Commission Rules and Regulations should be limited to all Shell-operated wells in the Bisti-Lower Gallup Oil Pool and all Shell-operated wells within one mile therefrom producing from the Lower Gallup formation which are connected to gas gathering facilities.

IT IS THEREFORE ORDERED:

That all Shell-operated wells presently drilled or hereafter completed in the Bisti-Lower Gallup Oil Pool and all Shell-operated wells presently drilled or hereafter completed within one mile therefrom which are producing from the Lower Gallup formation and which are connected to gas gathering facilities be and the same are hereby granted an exception to the daily tolerance provisions of Rule 502 I(a) of the Commission Rules and Regulations and may be produced at a daily rate not to exceed 240 barrels per day or 200 percent of the daily top unit allowable for the Bisti-Lower Gallup Oil Pool, whichever is greater.

PROVIDED HOWEVER, That all wells shall be produced in such a manner that the volume of casinghead gas does not at any time exceed the capacity of the gas gathering and processing facilities available to handle this casinghead gas.

PROVIDED FURTHER, That the authority granted herein shall exist only so long as the applicant is scheduling the production of the wells involved in such a manner as to ensure a uniform flow of gas into the gas gathering and processing facilities.

PROVIDED FURTHER, That nothing contained herein shall be construed as authorizing the production of wells in said pool in excess of the monthly tolerance set forth in Rule 502 II of the Commission Rules and Regulations.

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DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

