

W. D. GIRAND
LOWELL STOUT
ROBERT F. PYATT

GIRAND & STOUT
LAWYERS
204 LEA COUNTY STATE BANK BUILDING
HOBBS, NEW MEXICO

TELEPHONE:
EXPRESS 9-9116
POST OFFICE BOX 1445

August 27, 1959. 17

Oil Conservation Commission,
Santa Fe, New Mexico.

Attention: Mr. A. L. Porter.

IN RE: JAL OIL COMPANY - LEGAL #2 GAS WELL
LOCATED IN THE NE $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 21,
TOWNSHIP 35 SOUTH, RANGE 37 EAST.

Gentlemen:

We are enclosing herewith original and two copies
of Application of Jal Oil Company for relief from shut-in
action on the part of the Commission covering the above
captioned well.

Please advise the case number assigned to this
Application and the Hearing date on same.

Very truly yours,

GIRAND & STOUT,

BY: 

G/bc
Encls.

cc: Oil Conservation Commission, Hobbs, New Mexico.
(Attention: Mr. Randall Montgomery)
Jal Oil Company, P. O. Box 1744, Midland, Texas.

*Recket
midland
9-15-59
Jhr*

100-11137-100
100-11137-100

BEFORE THE OIL CONSERVATION COMMISSION,

STATE OF NEW MEXICO.

APPLICATION OF JAL OIL COMPANY FOR AN)
EXCEPTION TO RULE 10 OF ORDER NO. R-967)
AND FOR THE ASSIGNMENT OF MINIMUM)
ALLOWABLE TO ITS LEGAL #2 GAS WELL)
LOCATED IN THE NE $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 21,)
TOWNSHIP 35 SOUTH, RANGE 37 EAST,)
JALMAT GAS POOL AND FOR RELIEF FROM)
A THREATENED SHUT IN.)

CASE NO. _____

COMES NOW the Jal Oil Company, a New Mexico corporation, with principal office in Jal, Lea County, New Mexico, and files this its Application for an exception to Rule 10, Order No. R-967 and for the Commission to assign a minimum allowable to its Legal #2 and for cause would show:

1. Applicant is the owner and operator of the gas well known as the Legal #2 located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 21, Township 25 South, Range 37 East, in the Jalmat Gas Pool.
2. That the Legal #2 has previously been designated as a marginal gas well and has been operated under said classification.
3. That in connection with the production of gas from said well, the operator is required to produce large

quantities of water and production is obtained by the use of a free floating piston and without this method of production being used, the well would be incapable of producing gas due to the encroachment of the water. That with the continued build up of water, it is anticipated that the operator will have to install a pump jack in the immediate future in order to life the continuous increasing flow of water and produce gas from said well.

4. Applicant would show that after the classification of said well as a marginal well the El Paso Natural Gas Company reduced their line pressures considerably in the lines to which said well was connected and by reason thereof, the well was capable of producing into the El Paso line gas in excess of the fixed allowable. However, this condition was not the only condition existing which caused the over-production. During recent months the allowables assigned to marginal wells within the Jalmat Gas Pool were so reduced that the production of gas by the methods employed by the applicant could not keep from over-producing.

5. Applicant states that in its opinion enormous gas reserves are located under the acreage assigned to the

Legal #2 well and that if applicant is required to shut in said well for any period of time, the encroachment of the water will destroy the well and require the applicant to prematurely abandon.

6. Applicant would further show the Commission that on January 29, 1958, the Commission entered its Order No. 1092 A in Case No. 1327. That said Order has been under attack of the Courts in the State of New Mexico by many operators within the affected gas pools. That on July 1, 1958, the Jalmat Gas Pool proration formula was changed and the Commission, on its own motion, found it necessary to delay for approximately one year before attempting to reclassify the gas wells under the new proration formula. That, thereafter, in the month of June, 1959, the Commission reclassified approximately 118 gas wells, including applicant's and advised application that said Legal #2 was no longer a marginal gas well and had over-produced more than six times its allowable. Thereafter, by Memo No. 13-59, the Commission notified all operators that unless Applications were filed seeking relief from this

Commission, all of the 118 wells would be shut in as of September 1, 1959. That Order No. R-967 provides under Rule 6-C as follows:

"The Commission may assign minimum allowables in order to prevent the premature abandonment of wells."

The Order further provides, under Rule 10:

"The Commission may allow over-production to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well."

7. Applicant states that in order for applicant to protect its gas reserves, the encroaching water must be produced from its well to prevent the killing of the same. The exact amount of water that will be required to be produced in order to stabilize a flow of gas from said well cannot be definitely ascertained at this time. However, applicant believes and states to the Commission that if the Commission will allow a 120 day producing period, applicant will report to this Commission the minimum amount of water required to be produced in order to prevent the killing of the well and yet allow its continued production.

Applicant will advise the Commission as soon as possible, the total flow of gas that will be produced under such production method.

8. The Commission being charged with the conservation of oil and gas and the protection of correlative rights adopted the rules and regulations above quoted to insure relief to an operator situated as the applicant. In light of its declared policy, the Commission should enter an Order covering applicant's Legal #2 well authorizing applicant to continue to produce the same for a period of 120 days and then report to this Commission the data necessary for this Commission to enter an Order establishing a minimum allowable for this well. However, if applicant is wrong in its interpretation of the meaning and intent of the Commission in its quoted Rule 6, then applicant believes that the Commission should allow applicant to make up its over-production over an extended period whereby applicant could continue to produce its well employing the methods presently being employed.

9. The Commission, on numerous occasions, has seen fit in the handling of production of oil to disregard

fixed allowables where production was made by secondary recovery methods. Applicant believes and so states to the Commission that the methods employed by it in the producing of gas from its well, Legal #2, is a secondary recovery method and designed to obtain the ultimate production of gas underlying the acreage assigned to said well.

WHEREFORE, applicant prays:

(1) That the Commission enter an Order allowing applicant to produce its well employing the methods presently used for a period of 120 days requiring applicant to keep a record of its production of both gas and water and to establish within said period insofar as it is capable of doing so, the minimum amount of water required to be produced in order to produce gas.

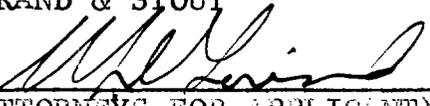
(2) And, the Commission further provide that the control of production on applicant's well be under the direct supervision of the Hobbs Office granting unto the Director of the Hobbs Office the right to notify the producer the determined amount of water to be produced or allowed to be produced based on production reports should it be

determined that the water is encroaching at a greater rate than is established through the 120 day testing period.

(3) That the Commission fix a minimum allowable for the Legal #2 gas well located in the Jalmat Gas Pool as provided by Rule 6 of Order R-967.

(4) And, in the alternative, that the Commission enter its Order authorizing applicant to make up its allowable over such extended period of time as will allow applicant to continue the production of gas through the methods presently employed to such an extent as to maintain said well as a gas well.

GIRARD & STOUT

BY 

(ATTORNEYS FOR APPLICANT)

POST OFFICE BOX 1445,
HOBBS, NEW MEXICO.

W. D. GIRAND
LOWELL STOUT
ROBERT F. PYATT

GIRAND & STOUT
LAWYERS
204 LEA COUNTY STATE BANK BUILDING
HOBBS, NEW MEXICO

OFFICE 100
TELEPHONE:
EXPRESS 3-9116
POST OFFICE BOX 1445
AUG 27 1959

August 27, 1959.

Ans 1779

Oil Conservation Commission,
Santa Fe, New Mexico.

Attention: Mr. A. L. Porter.

IN RE: JAL OIL COMPANY - DYER #3 GAS WELL,
LOCATED IN THE SE $\frac{1}{4}$ NE $\frac{1}{4}$ OF SECTION 31,
TOWNSHIP 25 SOUTH, RANGE 37 EAST,
JALMAT GAS POOL.

Gentlemen:

We are enclosing herewith original and two copies
of Application of Jal Oil Company for relief from shut-in
action on the part of the Commission covering the above
captioned well.

Please advise the case number assigned to this
Application and the Hearing date on same.

Very truly yours,

GIRAND & STOUT,

BY:



G/bc
Encls.

cc: Oil Conservation Commission, Hobbs, New Mexico.
(Attention: Mr. Randall Montgomery)
Jal Oil Company, P. O. Box 1744, Midland, Texas.

W. D. GIRAND
LOWELL STOUT
ROBERT F. PYATT

GIRAND & STOUT
LAWYERS
204 LEA COUNTY STATE BANK BUILDING
HOBBS, NEW MEXICO

TELEPHONE:
EXPRESS 3-9116
POST OFFICE BOX 1445

Case 1729

August 27, 1959.

Oil Conservation Commission,
Santa Fe, New Mexico.

Attention: Mr. A. L. Porter.

IN RE: JAL OIL COMPANY - ROPOLLO #1 GAS WELL
LOCATED IN THE SW $\frac{1}{4}$ NW $\frac{1}{4}$ OF SECTION 28,
TOWNSHIP 25 SOUTH, RANGE 37 EAST,
JALMAT POOL.

Gentlemen:

We are enclosing herewith original and two copies of Application of Jal Oil Company for relief from shut-in action on the part of the Commission covering the above captioned well.

Please advise the case number assigned to this Application and the Hearing date on same.

Very truly yours,

GIRAND & STOUT,

BY: *W. D. Girand*

G/bc
Encls.

cc: Oil Conservation Commission, Hobbs, New Mexico.
(Attention: Mr. Randall Montgomery)
Jal Oil Company, P. O. Box 1744, Midland, Texas.

BEFORE THE OIL CONSERVATION COMMISSION,

STATE OF NEW MEXICO.

APPLICATION OF JAL OIL COMPANY FOR AN)
EXCEPTION TO RULE 10 OF ORDER NO. R-967)
AND FOR THE ASSIGNMENT OF MINIMUM)
ALLOWABLE TO ITS ROPOLLO #1 GAS WELL)
LOCATED IN THE SW $\frac{1}{4}$ NW $\frac{1}{4}$ OF SECTION 28,)
TOWNSHIP 25 SOUTH, RANGE 37 EAST,)
JALMAT GAS POOL, AND FOR RELIEF FROM)
A THREATENED SHUT IN.)

CASE NO. _____

COMES NOW the Jal Oil Company, a New Mexico corporation, with principal office in Jal, Lea County, New Mexico, and files this its Application for an exception to Rule 10, Order No. R-967 and for the Commission to assign a minimum allowable to its Ropollo #1 and for cause would show:

1. Applicant is the owner and operator of the gas well known as the Ropollo #1 located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 28, Township 25 South, Range 37 East, in the Jalmat Gas Pool.

2. That the Ropollo #1 has previously been designated as a marginal gas well and has been operated under said classification.

3. That in connection with the production of gas from said well, the operator is required to produce large

quantities of water and production is obtained by the use of a pump jack and without this method of production being used, the well would be incapable of producing gas due to the encroachment of the water.

4. Applicant would show that after the classification of said well as a marginal well, the El Paso Natural Gas Company reduced their line pressures considerably in the lines to which said well was connected and by reason thereof, the well was capable of producing into the El Paso line gas in excess of the fixed allowable. However, this condition was not the only condition existing which caused the over-production. During recent months the allowables assigned to marginal wells within the Jalmat Gas Pool were so reduced that the production of gas by the methods employed by the applicant could not keep from over-producing.

5. Applicant states that in its opinion enormous gas reserves are located under the acreage assigned to the Ropollo #1 gas well and that if applicant is required to shut in said well for any period of time, the encroachment of the water will destroy the well and require the applicant to prematurely abandon.

6. Applicant would further show the Commission that on January 29, 1958, the Commission entered its Order No. 1092 A in Case No. 1327. That said Order has been under attack of the Courts in the State of New Mexico by many operators within the affected gas pools. That on July 1, 1958, the Jalmat Gas Pool proration formula was changed and the Commission, on its own motion, found it necessary to delay for approximately one year before attempting to reclassify the gas wells under the new proration formula. That, thereafter, in the month of June, 1959, the Commission reclassified approximately 118 gas wells, including applicant's and advised applicant that said Ropollo #1 was no longer a marginal gas well and had over-produced more than six times its allowable. Thereafter, by Memo No. 13-59, the Commission notified all operators that unless Applications were filed seeking relief from this Commission, all of the 118 wells would be shut in as of September 1, 1959. That Order No. R-967 provides under Rule o-C as follows:

"The Commission may assign minimum allowables in order to prevent the premature abandonment of wells."

The Order further provides, under Rule 10:

"The Commission may allow over-production to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well."

7. Applicant states that in order for applicant to protect its gas reserves, the encroaching water must be produced from its well to prevent the killing of the same. The exact amount of water that will be required to be produced in order to stabilize a flow of gas from said well cannot be definitely ascertained at this time. However, applicant believes and states to the Commission that if the Commission will allow a 120 day producing period, applicant will report to this Commission the minimum amount of water required to be produced in order to prevent the killing of the well and yet allow its continued production. Applicant will advise the Commission as soon as possible, the total flow of gas that will be produced under such production method.

8. The Commission being charged with the conservation of oil and gas and the protection of correlative rights adopted the rules and regulations above quoted to insure relief to an operator situated as the applicant. In light of its declared policy, the Commission should enter an Order covering applicant's Ropollo #1 well authorizing applicant to continue to produce the same for a period of 120 days and then report to this Commission the data necessary for this Commission to enter an Order establishing a minimum allowable for this well. However, if applicant is wrong in its interpretation of the meaning and intent of the Commission in its quoted Rule 6, then applicant believes that the Commission should allow applicant to make up its over-production over an extended period whereby applicant could continue to produce its well employing the methods presently being employed.

9. The Commission, on numerous occasions, has seen fit in the handling of production of oil to disregard fixed allowables where production was made by secondary recovery methods. Applicant believes and so states

to the Commission that the methods employed by it in the producing of gas from its well, Ropollo #1, is a secondary recovery method and designed to obtain the ultimate production of gas underlying the acreage assigned to said well.

WHEREFORE, applicant prays:

(1) That the Commission enter an Order allowing applicant to produce its well employing the methods presently used for a period of 120 days requiring applicant to keep a record of its production of both gas and water and to establish within said period insofar as it is capable of doing so, the minimum amount of water required to be produced in order to produce gas.

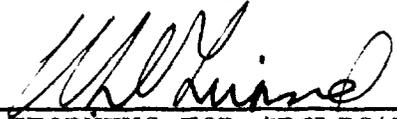
(2) And, the Commission further provide that the control of production on applicant's well be under the direct supervision of the Hobbs Office granting unto the Director of the Hobbs Office the right to notify the producer the determined amount of water to be produced or allowed to be produced based on production reports should it be determined that the water is encroaching at a greater rate

than is established through the 120 day testing period.

(3) That the Commission fix a minimum allowable for the Ropollo #1 gas well located in the Jalnat Gas Pool as provided by Rule 6 of Order R-967.

(4) And, in the alternative, that the Commission enter its Order authorizing applicant to make up its allowable over such extended period of time as will allow applicant to continue the production of gas through the methods presently employed to such an extent as to maintain said well as a gas well.

GIRAND & STOUT,

BY 
(ATTORNEYS FOR APPLICANT)

W. D. GIRAND
LOWELL STOUT
ROBERT F. PYATT

GIRAND & STOUT
LAWYERS
204 LEA COUNTY STATE BANK BUILDING
HOBBS, NEW MEXICO

TELEPHONE:
EXPRESS 3-9116
POST OFFICE BOX 1445

September 16, 1959.

Case 1779

Oil Conservation Commission,
State Capitol,
Santa Fe, New Mexico.

Attention: Mr. A. L. Porter.

RE: JAL OIL COMPANY, EVA OWENS NO. 1,
SW/4 SECTION 21, TOWNSHIP 25 SOUTH,
RANGE 37 EAST, JALMAT POOL.

Gentlemen:

I am enclosing original and two copies of Application of Jal Oil Company for a relief from shut in action on the part of the Commission covering the above captioned well. This Application seeks exception to the proration Order covering gas production in the Jalmat Pool.

Please advise the case number assigned to this Application, and if possible, applicant would like to have this case set for the October 7th examiner hearing since the cases heretofore filed by this operator have been postponed to the October 7th hearing date.

Very truly yours,

GIRAND & STOUT,

BY: *W. D. Girand*

G/dk
Encl.

cc: Oil Conservation Commission,
Hobbs, New Mexico.
Attention: Mr. Randall Montgomery.

Jal Oil Company,
Box 1744,
Midland, Texas.

W. D. GIRAND
LOWELL STOUT
ROBERT F. PYATT

GIRAND & STOUT
LAWYERS
204 LEA COUNTY STATE BANK BUILDING
HOBBS, NEW MEXICO

TELEPHONE:
EXPRESS 3-9116
POST OFFICE BOX 1445

September 16, 1959.

Case 1779

Oil Conservation Commission,
State Capitol Building,
Santa Fe, New Mexico.

Attention: Mr. A. L. Porter.

RE: JAL OIL COMPANY APPLICATIONS
COVERING LEGAL NO. 2, JENKINS
NO. 2, APOLLO NO. 1, AND DYER NO. 3.

Gentlemen:

The above cases have been set for examiner hearing on September 30, 1959. The applicant respectfully requests that these Applications be re-set for the examiner hearing set for October 7, 1959. In connection with this request the writer advises that a prior commitment requires the writer be in Amarillo, Texas, on October 1st and that the case set for October 1st involves many parties other than the applicant's attorney and numerous witnesses have been notified and their plans made for attendance at that time. It will be impossible to obtain a continuance of the Amarillo case without a delay of several months, resulting in considerable expense.

The writer is filing three additional cases on behalf of the Jal Oil Company which should be considered along with the existing cases pending.

Please consider this letter a request for a continuance of the above cases until October 7, 1959.

Very truly yours,

GIRAND & STOUT,

BY: *[Signature]*

G/dk

cc: Oil Conservation Commission,
Hobbs, New Mexico. (Attention: Mr. Randall Montgomery)

Jal Oil Company,
Box 1744,
Hobbs, New Mexico.

*Rechecked
Mailed
9-24-59
[Signature]*

W. D. GIRAND
LOWELL STOUT
ROBERT F. PYATT

GIRAND & STOUT
LAWYERS
204 LEA COUNTY STATE BANK BUILDING
HOBBS, NEW MEXICO

September 16, 1959.

TELEPHONE:
EXPRESS 3-9116
POST OFFICE BOX 1445

*Case
1779*

Oil Conservation Commission,
State Capitol,
Santa Fe, New Mexico.

Attention: Mr. A. L. Porter.

RE: JAL OIL COMPANY JENKINS NO. 1,
SW/4 SECTION 29, TOWNSHIP 25
SOUTH, RANGE 37 EAST, JALMAT POOL.

Gentlemen:

I am enclosing original and two copies of Application of Jal Oil Company for a relief from shut in action on the part of the Commission covering the above captioned well. This Application seeks exception to the proration Order covering gas production in the Jalmat Pool.

Please advise the case number assigned to this Application, and if possible, applicant would like to have this case set for the October 7th examiner hearing since the cases heretofore filed by this operator have been postponed to the October 7th hearing date.

Very truly yours,

GIRAND & STOUT,

BY: *W. D. Girand*

G/dk
Encl.

cc: Oil Conservation Commission,
Hobbs, New Mexico.

Attention: Mr. Randall Montgomery.

Jal Oil Company,
Box 1744,
Midland, Texas.

BEFORE THE OIL CONSERVATION COMMISSION,

STATE OF NEW MEXICO.

APPLICATION OF JAL OIL COMPANY FOR AN)
EXCEPTION TO RULE 10 OF ORDER NO. R-967)
FOR THE ASSIGNMENT OF MINIMUM)
ALLOWABLE TO ITS JENKINS NO. 1 GAS WELL)
LOCATED IN THE SW/4 OF SECTION 29,)
TOWNSHIP 25 SOUTH, RANGE 37 EAST, JALMAT)
GAS POOL, AND FOR RELIEF FROM A)
THREATENED SHUT IN.)

CASE NO. _____

COMES NOW the Jal Oil Company, a New Mexico corporation, with principal office in Jal, Lea County, New Mexico, and files this its Application for an exception to Rule 10, Order No. R-967 and for the Commission to assign a minimum allowable to its Jenkins No. 1 and for cause would show:

1. Applicant is the owner and operator of the gas well known as the Jenkins No. 1 located in the SW/4 of Section 29, Township 25 South, Range 37 East, in the Jalmat Gas Pool.

2. That the Jenkins No. 1 has previously been designated as a marginal gas well and has been operated under said classification.

3. That in connection with the production of gas from said well, the operator is required to produce large

quantities of water and production is obtained by the use of a free floating piston and without this method of production being used, the well would be incapable of producing gas due to the encroachment of the water. That with the continued build up of water, it is anticipated that the operator will have to install a pump jack in the immediate future in order to lift the continuous increasing flow of water and produce gas from said well.

4. Applicant would show that after the classification of said well as a marginal well the El Paso Natural Gas Company reduced their line pressures considerably in the lines to which said well was connected and by reason thereof, the well was capable of producing into the El Paso line gas in excess of the fixed allowable. However, this condition was not the only condition existing which caused the over-production. During recent months the allowables assigned to marginal wells within the Jalmat Gas Pool were so reduced that the production of gas by the methods employed by the applicant could not keep from over-producing.

5. Applicant states that in its opinion enormous gas reserves are located under the acreage assigned to the

Jenkins No. 1 well and that if applicant is required to shut in said well for any period of time, the encroachment of the water will destroy the well and require the applicant to prematurely abandon.

6. Applicant would further show the Commission that on January 29, 1958, the Commission entered its Order No. 1092 A in Case No. 1327. That said Order has been under attack of the Courts in the State of New Mexico by many operators within the affected gas pools. That on July 1, 1958, the Jalmat Gas Pool proration formula was changed and the Commission, on its own motion, found it necessary to delay for approximately one year before attempting to reclassify the gas wells under the new proration formula. That, thereafter, in the month of June, 1959, the Commission reclassified approximately 118 gas wells, including applicant's and advised applicant that said Jenkins No. 1 was no longer a marginal gas well and had over-produced more than six times its allowable. Thereafter, by Memo No. 13-59, the Commission notified all operators that unless Applications were filed seeking relief from this

Commission, all of the 118 wells would be shut in as of September 1, 1959. That Order No. R-967 provides under Rule 6-C as follows:

"The Commission may assign minimum allowables in order to prevent the premature abandonment of wells."

The Order Further provides, under Rule 10:

"The Commission may allow over-production to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well."

7. Applicant states that in order for applicant to protect its gas reserves, the encroaching water must be produced from its well to prevent the killing of the same. The exact amount of water that will be required to be produced in order to stabilize a flow of gas from said well cannot be definitely ascertained at this time. However, applicant believes and states to the Commission that if the Commission will allow a 120 day producing period, applicant will report to this Commission the minimum amount of water required to be produced in order to prevent the killing of the well and yet allow its continued production.

Applicant will advise the Commission as soon as possible, the total flow of gas that will be produced under such production method.

8. The Commission being charged with the conservation of oil and gas and the protection of correlative rights adopted the rules and regulations above quoted to insure relief to an operator situated as the applicant. In light of its declared policy, the Commission should enter an Order covering applicant's Jenkins No. 1 well authorizing applicant to continue to produce the same for a period of 120 days and then report to this Commission the data necessary for this Commission to enter an Order establishing a minimum allowable for this well. However, if applicant is wrong in its interpretation of the meaning and intent of the Commission in its quoted Rule 6, then applicant believes that the Commission should allow applicant to make up its over-production over an extended period whereby applicant could continue to produce its well employing the methods presently being employed.

9. The Commission, on numerous occasions, has seen fit in the handling of production of oil to disregard

fixed allowables where production was made by secondary recovery methods. Applicant believes and so states to the Commission that the methods employed by it in the producing of gas from its well, Jenkins No. 1, is a secondary recovery method and designed to obtain the ultimate production of gas underlying the acreage assigned to said well.

WHEREFORE, applicant prays:

(1) That the Commission enter an Order allowing applicant to produce its well employing the methods presently used for a period of 120 days requiring applicant to keep a record of its production of both gas and water and to establish within said period insofar as it is capable of doing so, the minimum amount of water required to be produced in order to produce gas.

(2) And, the Commission further provide that the control of production on applicant's well be under the direct supervision of the Hobbs Office granting unto the Director of the Hobbs Office the right to notify the producer the determined amount of water to be produced or allowed to be produced based on production reports should it be

determined that the water is encroaching at a greater rate than is established through the 120 day testing period.

(3) That the Commission fix a minimum allowable for the Jenkins No. 1 gas well located in the Jalmat Gas Pool as provided by Rule 6 of Order R-967.

(4) And, in the alternative, that the Commission enter its Order authorizing applicant to make up its allowable over such extended period of time as will allow applicant to continue the production of gas through the methods presently employed to such an extent as to maintain said well as a gas well.

GIRARD & STOUT,

BY 
(ATTORNEYS FOR APPLICANT)
POST OFFICE BOX 1445,
HOBBS, NEW MEXICO.

- CASE 1773: Application of Pan American Petroleum Corporation for approval of two automatic custody transfer systems for seven federal leases in the Empire-Abo Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order amending Order No. R-1399 to provide for automatic custody transfer of oil produced into the two commingled tank batteries authorized therein.
- CASE 1774: Application of Continental Oil Company for a non-standard gas unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas unit in an undesignated Tubb gas pool consisting of the E/2 NW/4 and the W/2 NE/4 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Britt B-15 No. 10 Well, located in the SW/4 NE/4 of said Section 15.
- CASE 1775: Application of Continental Oil Company for a non-standard gas unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas unit in an undesignated Tubb gas pool consisting of the E/2 SE/4 of Section 15 and the W/2 SW/4 of Section 14, all in Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's SEMU Well No. 70, located in the NW/4 SW/4 of said Section 15.
- CASE 1776: Application of Continental Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for nine wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:
Ascarate D-24 Well No. 1, Unit J, Section 24, T-25-S, R-36-E, Danciger A-8 Well No. 2, Unit P, Section 8, T-23-S, R-36-E, Jack A-20 Well No. 4, Unit G, Section 20, T-24-S, R-37-E, Jack A-29 Well No. 3, Unit H, Section 29, T-24-S, R-37-E, Meyer A-29 Well No. 1, Unit O, Section 29, T-22-S, R-36-E, Meyer B-28 Well No. 1, Unit E, Section 28, T-22-S, R-36-E, State A-32 Well No. 4, Unit F, Section 32, T-22-S, R-36-E, Stevens A-34 Well No. 1, Unit E, Section 34, T-23-S, R-36-E, Wells B-1 Well No. 1, Unit A, Section 1, T-25-S, R-36-E, all in Lea County, New Mexico.
- CASE 1777: Application of El Paso Natural Gas Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for two wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing its E. J. Wells Lease Well No. 13, Unit L, Section 5, and its Wells B-4 Lease Well No. 1, Unit D, Section 4, both in Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to compensate for their overproduced status without being completely shut-in in order to prevent possible waste.
- CASE 1778: Application of Olsen Oils, Inc., for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for four wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:
Cooper B Well No. 2, NE/4 NW/4 of Section 14, T-24-S, R-36-E, Myers B Well No. 1, SE/4 NW/4 of Section 13, T-24-S, R-36-E, S. R. Cooper Well No. 1, SE/4 NE/4 of Section 23, T-24-S, R-36-E, Winningham Well No. 3, NE/4 SE/4 of Section 30, T-25-S, R-37-E, all in Lea County, New Mexico.

CASE 1779:

Application of Jal Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for four wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:

Legal Well No. 2, NE/4 SE/4 of Section 21,
Dyer Well No. 3, SE/4 NE/4 of Section 31,
Jenkins Well No. 2, NE/4 SW/4 of Section 29,
Ropollo Well No. 1, SW/4 NW/4 of Section 28,
all in Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 1780:

Application of Husky Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing its Montecito Woolworth Well No. 2, Unit M, Section 33, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to compensate for its overproduced status without being completely shut-in in order to prevent possible waste.

CASE 1781:

Application of Texaco, Inc. for permission to continue producing an over-produced Jalmat gas well at a lesser rate. Applicant, in the above-styled cause, seeks an order authorizing it to produce its C. C. Fristoe (b) NCT-4 Well No. 2, Unit M, Section 31, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, at a maximum rate of 2500 MCF per month for lease use until over production has been compensated for.

GIRAND & STOUT
LAWYERS

204 LEA COUNTY STATE BANK BUILDING
HOBBS, NEW MEXICO

W. D. GIRAND
LOWELL STOUT
ROBERT F. PYATT

TELEPHONE:
EXPRESS 3-9116
POST OFFICE BOX 1445

September 16, 1959.

Oil Conservation Commission,
State Capitol,
Santa Fe, New Mexico.

Attention: Mr. A. L. Porter.

RE: ~~JAL OIL COMPANY~~ WATKINS NO. 2,
NE/4 NE/4 SECTION 35, TOWNSHIP
24 SOUTH, RANGE 36 EAST, JALMAT POOL.

Gentlemen:

I am enclosing original and two copies of Application of Jal Oil Company for a relief from shut in action on the part of the Commission covering the above captioned well. This Application seeks exception to the proration Order covering gas production in the Jalmat Pool.

Please advise the case number assigned to this Application, and if possible, applicant would like to have this case set for the October 7th examiner hearing since the cases heretofore filed by this operator have been postponed to the October 7th hearing date.

Very truly yours,

GIRAND & STOUT,

BY: 

G/dk
Encl.

cc: Oil Conservation Commission,
Hobbs, New Mexico.
Attention: Mr. Randall Montgomery.

Jal Oil Company,
Box 1744,
Midland, Texas.

BEFORE THE OIL CONSERVATION COMMISSION,
STATE OF NEW MEXICO.

APPLICATION OF JAL OIL COMPANY FOR AN)
EXCEPTION TO RULE 10, ORDER NO. R-967)
FOR THE ASSIGNMENT OF MINIMUM ALLOWABLE)
TO ITS WATKINS NO. 2, LOCATED IN THE)
NE/4 NE/4 SECTION 35, TOWNSHIP 24 SOUTH,)
RANGE 36 EAST, JALMAT GAS POOL, AND FOR)
RELIEF FROM A THREATENED SHUT IN.)

CASE NO. _____

COMES NOW the Jal Oil Company, a New Mexico corporation, with principal office in Jal, Lea County, New Mexico, and files this its Application for an exception to Rule 10, Order No. R-967 and for the Commission to assign a minimum allowable to its Watkins No. 2 and for cause would show:

1. Applicant is the owner and operator of the gas well known as the Watkins No. 2 located in the NE/4 NE/4 Section 35, Township 24 South, Range 36 East, in the Jalmat Gas Pool.

2. That the Watkins No. 2 has previously been designated as a marginal gas well and has been operated under said classification.

3. Applicant would show that the Watkins No. 2 is a flowing well. However, whenever the well is shut in, water

accumulates in such quantities as to kill the well. The operator is required to swab off the water before production can be obtained. It is applicant's opinion that prolonged shut in periods will result in a killing of the well and making it incapable of producing gas. It is anticipated that with the present encroachment of the water, that the applicant will be required to resort to mechanical methods in order to continue the production of gas from this well. Each and every time the well is shut in the operator runs the risk of losing the well to the encroaching water.

4. Applicant would show that after the **classification** of said well as a marginal well the El Paso Natural Gas Company reduced their line pressures considerably in the lines to which said well was connected and by reason thereof, the well was capable of producing into the El Paso line gas in excess of the fixed allowable. However, this condition was not the only condition existing which caused the over-production. During recent months the allowables assigned to marginal wells within the Jalmat Gas Pool were so reduced that the production of gas by the methods employed by the applicant could not keep from over-producing.

5. Applicant states that in its opinion enormous gas reserves are located under the acreage assigned to the Watkins No. 2 well and that if applicant is required to shut in said well for any period of time, the encroachment of the water will destroy the well and require the applicant to prematurely abandon.

6. Applicant states that unless it is allowed to continually produce gas from said well, that the encroaching water will kill said well. That in this connection applicant in the past has been able to swab the well back to life after periods of shut down. However, applicant feels that this is very hazardous and should be avoided, if possible, to prevent a waste of the gas attributable to this well and in order to protect the correlative rights of the operator.

7. Applicant would further show the Commission that on January 29, 1958, the Commission entered its Order No. 1092 A in Case No. 1327. That said Order has been under attack of the Courts in the State of New Mexico by many operators within the affected gas pool. That on July 1, 1958, the Jalmat Gas Pool proration formula was changed and the Commission, on its own motion, found it necessary to delay for approximately one year before attempting to reclassify the gas wells under the new proration formula. That, thereafter, in the month of June, 1959, the Commission reclassified approximately

118 gas wells, including applicant's and advised applicant that said Watkins No. 2 was no longer a marginal gas well and had over-produced more than six times its allowable. Thereafter, by Memo No. 13-59, the Commission notified all operators that unless Applications were filed seeking relief from this Commission, all of the 118 gas wells would be shut in as of September 1, 1959. That Order No. R-967 provides under Rule 6-C as follows:

"The Commission may assign minimum allowables in order to prevent the premature abandonment of wells."

The Order further provides, under Rule 10:

"The Commission may allow over-production to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well."

8. The Commission, on numerous occasions, has seen fit in the handling of production of oil to disregard fixed allowables where production was made by secondary recovery methods.

WHEREFORE, applicant prays:

(1) That the Commission enter an Order allowing applicant to produce the Watkins No. 2 in sufficient amount to avoid the encroachment of water and the killing of the well.

(2) That the Commission fix a minimum allowable for the Watkins No. 2 gas well located in the Jalmat Gas Pool as provided by Rule 6 of Order No. 967.

(3) And, in the alternative that the Commission enter its Order authorizing applicant to make up its allowable over such extended period of time as will allow applicant to continue the production of gas constantly from said well.

GIRAND & STOUT,

BY 
(ATTORNEYS FOR APPLICANT)
POST OFFICE BOX 1445,
HOBBS, NEW MEXICO.

BEFORE THE OIL CONSERVATION COMMISSION,
STATE OF NEW MEXICO.

APPLICATION OF JAL OIL COMPANY FOR AN)
EXCEPTION TO RULE 10 OF ORDER NO. R-967)
AND FOR THE ASSIGNMENT OF MINIMUM)
ALLOWABLE TO ITS EVA OWENS NO. 1 GAS WELL)
LOCATED IN THE SW/4 OF SECTION 21,)
TOWNSHIP 25 SOUTH, RANGE 37 EAST, JALMAT)
GAS POOL, AND FOR RELIEF FROM A THREATENED)
SHUT IN.)

CASE NO. _____

COMES NOW the Jal Oil Company, a New Mexico corporation, with principal office in Jal, Lea County, New Mexico, and files this its Application for an exception to Rule 10, Order No. R-967 and for the Commission to assign a minimum allowable to its Eva Owens No. 1 and for cause would show:

1. Applicant is the owner and operator of the gas well known as the Eva Owens No. 1 located in the SW/4 of Section 21, Township 25 South, Range 37 East, in the Jalmat Gas Pool.

2. That the Eva Owens No. 1 has previously been designated as a marginal gas well and has been operated under said classification.

3. That in connection with the production of gas from said well, the operator is required to produce large

quantities of water and production is obtained by the use of a free floating piston and without this method of production being used, the well would be incapable of producing gas due to the encroachment of the water. That with the continued build up of water, it is anticipated that the operator will have to install a pump jack in the immediate future in order to lift the continuous increasing flow of water and produce gas from said well.

4. Applicant would show that after the classification of said well as a marginal well the El Paso Natural Gas Company reduced their line pressures considerably in the lines to which said well was connected and by reason thereof, the well was capable of producing into the El Paso line gas in excess of the fixed allowable. However, this condition was not the only condition existing which caused the over-production. During recent months the allowables assigned to marginal wells within the Jalmat Gas Pool were so reduced that the production of gas by the methods employed by the applicant could not keep from over-producing.

5. Applicant states that in its opinion enormous gas reserves are located under the acreage assigned to the

Eva Owens No. 1 well and that if applicant is required to shut in said well for any period of time, the encroachment of the water will destroy the well and require the applicant to prematurely abandon.

6. Applicant would further show the Commission that on January 29, 1958, the Commission entered its Order No. 1092 A in Case No. 1327. That said Order has been under attack of the Courts in the State of New Mexico by many operators within the affected gas pools. That on July 1, 1958, the Jalmat Gas Pool proration formula was changed and the Commission, on its own motion, found it necessary to delay for approximately one year before attempting to reclassify the gas wells under the new proration formula. That, thereafter, in the month of June, 1959, the Commission reclassified approximately 118 gas wells, including applicant's and advised applicant that said Eva Owens No. 1 was no longer a marginal gas well and had over-produced more than six times its allowable. Thereafter, by Memo No. 13-59, the Commission notified all operators that unless Applications were filed seeking relief from this

Commission, all of the 118 wells would be shut in as of September 1, 1959. That Order No. R-967 provides under Rule 6-C as follows:

"The Commission may assign minimum allowables in order to prevent the premature abandonment of wells."

The Order further provides, under Rule 10:

"The Commission may allow over-production to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well."

7. Applicant states that in order for applicant to protect its gas reserves, the encroaching water must be produced from its well to prevent the killing of the same. The exact amount of water that will be required to be produced in order to stabilize a flow of gas from said well cannot be definitely ascertained at this time. However, applicant believes and states to the Commission that if the Commission will allow a 120 day producing period, applicant will report to this Commission the minimum amount of water required to be produced in order to prevent the killing of the well and yet allow its continued production.

Applicant will advise the Commission as soon as possible, the total flow of gas that will be produced under such production method.

8. The Commission being charged with the conservation of oil and gas and the protection of correlative rights adopted the rules and regulations above quoted to insure relief to an operator situated as the applicant. In light of its declared policy, the Commission should enter an Order covering applicant's Eva Owens No. 1 well authorizing applicant to continue to produce the same for a period of 120 days and then report to this Commission the data necessary for this Commission to enter an Order establishing a minimum allowable for this well. However, if applicant is wrong and its interpretation of the meaning and intent of the Commission in its quoted Rule 6, then applicant believes that the Commission should allow applicant to make up its over-production over an extended period whereby applicant could continue to produce its well employing the methods presently being employed.

9. The Commission, on numerous occasions, has seen fit in the handling of production of oil to disregard

fixed allowables where production was made by secondary recovery methods. Applicant believes and so states to the Commission that the methods employed by it in the producing of gas from its well, Eva Owens No. 1, is a secondary recovery method and designed to obtain the ultimate production of gas underlying the acreage assigned to said well.

WHEREFORE, applicant prays:

(1) That the Commission enter an Order allowing applicant to produce its well employing the methods presently used for a period of 120 days requiring applicant to keep a record of its production of both gas and water and to establish within said period insofar as it is capable of doing so, the minimum amount of water required to be produced in order to produce gas.

(2) And, the Commission further provide that the control of production on applicant's well be under the direct supervision of the Hobbs Office granting unto the Director of the Hobbs Office the right to notify the producer the determined amount of water to be produced or allowed to be produced based on production reports should it be

determined that the water is encroaching at a greater rate than is established through the 120 day testing period.

(3) That the Commission fix a minimum allowable for the Eva Owens No. 1 gas well located in the Jalmat Gas Pool as provided by Rule 6 of Order R-967.

(4) And, in the alternative, that the Commission enter its Order authorizing applicant to make up its allowable over such extended period of time as will allow applicant to continue the production of gas through the methods presently employed to such an extent as to maintain said well as a gas well.

GIRARD & STOUT,

BY 
(ATTORNEYS FOR APPLICANT)
POST OFFICE BOX 1445,
HOBBS, NEW MEXICO.

BEFORE THE OIL CONSERVATION COMMISSION,

STATE OF NEW MEXICO.

APPLICATION OF JAL OIL COMPANY FOR AN)
EXCEPTION TO RULE 10 OF ORDER NO. R-967)
AND FOR THE ASSIGNMENT OF MINIMUM)
ALLOWABLE TO ITS DYER #3 GAS WELL)
LOCATED IN THE SE $\frac{1}{4}$ NE $\frac{1}{4}$ OF SECTION 31,)
TOWNSHIP 25 SOUTH, RANGE 37 EAST,)
JALMAT GAS POOL, AND FOR RELIEF FROM)
A THREATENED SHUT IN.)

CASE NO. _____

COMES NOW the Jal Oil Company, a New Mexico corporation, with principal office in Jal, Lea County, New Mexico, and files this its Application for an exception to Rule 10, Order No. R-967 and for the Commission to assign a minimum allowable to its Dyer #3 and for cause would show:

1. Applicant is the owner and operator of the gas well known as the Dyer #3 located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 31, Township 25 South, Range 37 East, in the Jalmat Gas Pool.

2. That the Dyer #3 has previously been designated as a marginal gas well and has been operated under said classification.

3. That in connection with the production of gas from said well, the operator is required to produce large

quantities of water and production is obtained by the use of a free floating piston and without this method of production being used, the well would be incapable of producing gas due to the encroachment of the water. That with the continued build up of water, it is anticipated that the operator will have to install a pump jack in the immediate future in order to lift the continuous increasing flow of water and produce gas from said well.

4. Applicant would show that after the classification of said well as a marginal well the El Paso Natural Gas Company reduced their line pressures considerably in the lines to which said well was connected and by reason thereof, the well was capable of producing into the El Paso line gas in excess of the fixed allowable. However, this condition was not the only condition existing which caused the over-production. During recent months the allowables assigned to marginal wells within the Jalmat Gas Pool were so reduced that the production of gas by the methods employed by the applicant could not keep from over-producing.

5. Applicant states that in its opinion enormous gas reserves are located under the acreage assigned to the

6. Applicant would further show the Commission that on January 29, 1958, the Commission entered its Order No. 1092 A in Case No. 1327. That said Order has been under attack of the Courts in the State of New Mexico by many operators within the affected gas pools. That on July 1, 1958, the Jalmat Gas Pool proration formula was changed and the Commission, on its own motion, found it necessary to delay for approximately one year before attempting to reclassify the gas wells under the new proration formula. That, thereafter, in the month of June, 1959, the Commission reclassified approximately 118 gas wells, including applicant's and advised applicant that said Dyer #3 was no longer a marginal gas well and had over-produced more than six times its allowable. Thereafter, by Memo No. 13-59, the Commission notified all operators that unless Applications were filed seeking relief from this Commission, all of the 118 wells would be shut in as of September 1, 1959. That Order No. R-967 provides under Rule 6-C as follows:

"The Commission may assign minimum allowables in order to prevent the premature abandonment of wells".

The Order further provides, under Rule 10:

"The Commission may allow over-production to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well."

7. Applicant states that in order for applicant to protect its gas reserves, the encroaching water must be produced from its well to prevent the killing of the same. The exact amount of water that will be required to be produced in order to stabilize a flow of gas from said well cannot be definitely ascertained at this time. However, applicant believes and states to the Commission that if the Commission will allow a 120 day producing period, applicant will report to this Commission the minimum amount of water required to be produced in order to prevent the killing of the well and yet allow its continued production. Applicant will advise the Commission as soon as possible, the total flow of gas that will be produced under such production method.

8. The Commission being charged with the conservation of oil and gas and the protection of correlative rights adopted the rules and regulations above quoted to insure relief to an operator situated as the applicant. In light of its declared policy, the Commission should enter an Order covering applicant's Dyer #3 well authorizing applicant to continue to produce the same for a period of 120 days and then report to this Commission the data necessary for this Commission to enter an Order establishing a minimum allowable for this well. However, if applicant is wrong in its interpretation of the meaning and intent of the Commission in its quoted Rule 6, then applicant believes that the Commission should allow applicant to make up its over-production over an extended period whereby applicant could continue to produce its well employing the methods presently being employed.

9. The Commission, on numerous occasions, has seen fit in the handling of production of oil to disregard fixed allowables where production was made by secondary recovery methods. Applicant believes and so states

to the Commission that the methods employed by it in the producing of gas from its well, Dyer #3, is a secondary recovery method and designed to obtain the ultimate production of gas underlying the acreage assigned to said well.

WHEREFORE, applicant prays:

(1) That the Commission enter an Order allowing applicant to produce its well employing the methods presently used for a period of 120 days requiring applicant to keep a record of its production of both gas and water and to establish within said period insofar as it is capable of doing so, the minimum amount of water required to be produced in order to produce gas.

(2) And, the Commission further provide that the control of production on applicant's well be under the direct supervision of the Hobbs Office granting unto the Director of the Hobbs Office the right to notify the producer the determined amount of water to be produced or allowed to be produced based on production reports should it be determined that the water is encroaching at a greater

than is established through the 120 day testing period.

(3) That the Commission fix a minimum allowable for the Dyer #3 gas well located in the Jalmat Gas Pool as provided by Rule 6 of Order R-967.

(4) And, in the alternative, that the Commission enter its Order authorizing applicant to make up its allowable over such extended period of time as will allow applicant to continue the production of gas through the methods presently employed to such an extent as to maintain said well as a gas well.

GIRAND & STOUT,

BY 
(ATTORNEYS FOR APPLICANT)

G/bc