

DRAFT OF CONSOLIDATED POOL RULES FOR JALMAT POOL

For the purpose of consolidating pool rules for the Jalmat Gas Pool, Order No. R-520 will be used as the "base order." This order had created the Jalmat Gas Pool from wells that had been originally located in the Jalco and Langmat Gas Pools. This order also abolished the Falby-Yates Oil Pool. All rules concerning the above pools were considered in creating rules for the Jalmat Gas Pool.

A subsequent Order No. R-690 abolished the Cooper Jai and Eaves Oil Pools and a part of these wells were absorbed into the Jalmat Gas Pool.

All orders changing Order R-520 as a result of these Pool designation changes are considered below.

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(R-520; R-264; R-264-A, etc. General)

(2) That under date of February 17, 1953, the Commission issued its Order No. R-264 creating the Jalco, Langmat, Arrow, and Eumont Gas Pools. That Order R-264 defined the vertical and horizontal limits of the Langmat, Jalco, Eumont and Arrow gas pools and that by subsequent orders the Commission extended the horizontal limits of the Jalco and Eumont Gas Pools and extended the vertical limits of the Eumont Gas Pool.

(R-520 Special)

ILLEGIBLE

(3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-368, R-369, R-370 and R-371 and under date of November 10, 1953, the Commission issued its Orders Nos. R-368-A, R-369-A, R-370-A and R-371-A, providing rules, definitions and procedures to be followed in prorating gas in the Jalco, Langmat, Eumont and Arrow gas pools; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.

(R-520 Delete "R-370 and R-371" "R-370-A and R-371-A" and "Eumont and Arrow" - Special)

(4) That the Eumont and Arrow Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order; that the Jalco and Langmat Gas Pools are in fact one common gas reservoir, and said reservoir should be designated the "Jalco Gas Pool" and delineated as set forth in this order.

(R-520, Delete first phrase which refers to Eumont Gas Pool - Special)

(5) That the producing capacity of the gas wells in the Jalco, Eumont and Arrow Gas Pools is greater than the market demand for gas from each of such pools.

(R-520 - Include all gas pools instead of the three listed. - General)

(6) That for the prevention of waste it is necessary to allocate and prorate the gas production among the gas wells in the Jalco, Eumont and Arrow Gas Pools in accordance with provisions of this order.

(R-520 - Include all gas pools instead of the three listed. - General)

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Jalco, Eumont and Arrow gas pools be prorated in accordance with the terms and provisions of this order.

(R-520 - Include all gas pools instead of the three listed. - General)

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Jalco, Eumont and Arrow gas pools upon a reasonable basis and give appropriate recognition to correlative rights.

(R-520 - Include all gas pools instead of the three listed. - General)

ILLEGIBLE

(9) That one gas well in the Jalmat, Eumont and Arrow Gas Pools can efficiently drain 640 acres.
(R-520 - Delete words "Eumont and Arrow" - Special)

(10) That for the prevention of waste, a limiting gas-oil ratio of 10,000-to-1 should be assigned to the units in the following pools, namely: Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool, Rhodes Oil Pool, Jalmat Gas Pool, Arrow Gas Pool and Eumont Gas Pool.
(R-520 - Delete: Cooper-Jal Oil Pool, Hardy Oil Pool, and Arrow Gas Pool and combine with para. (7) R-640 below.)

(7) That in order to preserve the equities of operators both within and outside the above-described area, it is necessary to establish a limiting gas-oil ratio for oil wells producing from the Jalmat Gas Pool in the area hereinabove set out.
(R-640 - General and Special)

(11) To prevent waste, the vertical limits of the following oil pools namely: Eunice-Monument Oil Pool, Arrowhead Oil Pool, South Eunice Oil Pool, Langlie-Mattix Oil Pool, Cooper-Jal Oil Pool, Rhodes Oil Pool, Eaves Oil Pool, Hardy Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, should be redefined as provided hereinafter in this order so that the vertical limits of the said oil pools will not conflict with the vertical limits of overlying gas pools.
(R-520 - amended by findings (2), (3), (4), (5), and (6) - R-640)

(2) That the Commission did, on August 12, 1954, enter Commission Order R-520, which order set out the vertical limits of the Jalmat Gas Pool, the Cooper-Jal Oil Pool and the Langlie-Mattix Oil Pool.

(3) That a synclinal accumulation of oil exists in the Yates sand in the following described area:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
Section 13: SE/4 NE/4, SE/4
Section 23: E/2 E/2
Section 24: All
Section 25: N/2
Section 26: E/2 NE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 18: SW/4 NW/4, W/2 SW/4
Section 19: W/2
Section 30: NW/4

(4) That the accumulation of oil in the Yates sand in the above-described area is believed to be in direct communication with Yates dry gas known to exist in the immediate surrounding area.

(5) That the above-described Yates oil reservoir is separate and distinct from oil and gas reservoirs encountered in the underlying Seven Rivers formation in that area set out above, and that the Seven Rivers oil reservoir as presently known is separate and distinct from that gas reservoir encountered in the Seven Rivers formation in the area hereinabove described.

(6) That in view of this special geologic situation, it is necessary to redefine the vertical limits of the Jalmat Gas Pool, the Cooper-Jal Oil Pool and the Langlie-Mattix Oil Pool insofar as such pools lie within the area hereinabove set out.

(R-640 - Delete: Cooper-Jal Oil Pool, Eaves Oil Pool, Hardy Oil Pool and combine with para. 11, R-520 - Special)

(12) That the horizontal limits of the oil pools named in Finding No. 11 should be defined as hereinafter set forth in this order.

(R-520 - Special)

(13) That the Falby-Yates Oil Pool should be abolished. (R-520 - Rescinds Order R-395 which created pool and set GCR limit at 6000/1 - Special)

(14) That in the interests of conservation, the special rules hereinafter set forth governing the production of oil from wells completed within the vertical and horizontal limits of the Jalmat, Eumont and Arrow gas pools should be adopted.

(R-520 - Include all gas pools - Delete Arrow Gas Pool - General)

(15) That for the prevention of waste and the protection of correlative rights, the special rules contained in this order should be adopted to govern the production of oil from wells completed or recompleted in such a manner that the bore hole of the well is open in both the upper gas pools and the underlying oil pools.

(R-520 - Should be clarified - General)

(16) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.

(R-520 - General)

(2) That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to grant administrative exceptions to the "no-flare order" and the various "no-flare rules" embraced in Order R-520, without the necessity of notice and hearing.

(3) That the practice of considering said applications for exceptions only upon notice and hearing would cause an undue burden upon and inconvenience to both the applicants and this Commission.

(4) That Paragraph 10 of Order R-520 and Rule 17 of each of the various pool rules and regulations embraced in said Order R-520 should be amended as hereinafter provided.

(R-552 - (2), (3), & (4) should be combined with Finding (16) R-520 - General)

(2) That Rule 303 of the Commission's Rules and Regulations, Oil Production Operating Practices, provides that each pool shall be produced as a single common reservoir and the commingling or confusion of production from separate and distinct pools prior to marketing shall be prohibited.

(4) That at the present time there are certain basic leases wherein all wells are prorated in the same pool and the production therefrom is produced into a common tankage; and when reclassified such wells will be affected to the extent that one or more wells will remain in the pool in which they are presently classified, while other wells on the same lease will be placed in a different pool.

(5) That under the provisions of Rule 303 of the Commission's Rules and Regulations, separate facilities to receive, measure, and store the production of those wells so re-classified would have to be provided by the operator. That in certain cases the installation and maintenance of said separate facilities for the measurement and storage of oil would create an undue expense and hardship upon the operator.

(6) That approval of this application for an order establishing rules and procedures in exception to the provisions of Rule 303 to permit the commingling of oil from various oil and gas pools defined by Order R-520 would be in the interest of conservation and would prevent waste.

(R-663 - Should be added to findings - General)

(2) That the extensions of the Eumont Gas Pool, in Lea County, New Mexico, the Jalmat Gas Pool in Lea County, New Mexico, and the Langlie-Mattix Pool in Lea County, New Mexico, the advertised deletions of the Jalmat Gas Pool in Lea County, New Mexico and the abolishment of the Eaves Pool and the Cooper-Jal Pool in Lea County, New Mexico, should be approved as advertised.

(R-690 - Delete all but "underlined" - Special)

(2) That, in order to promote a more efficient gas prorating procedure in the State of New Mexico, the special pool rules for every prorated gas pool in the state should be clarified and revised in accordance with the recommendations of the special industry advisory committee appointed by the Commission to study the problem.

(R-967 - This could be used in Findings to cover the current study - General and Special)

(3) That the applicant proposes that the Commission grant an interim exception to the Special Rules and Regulations for the Jalmat Gas Pool to the effect that if any well in the Jalmat Gas Pool had an overproduced status at the beginning of any month during the current gas proration period less than:

- (a) the well's current allowable for said month, plus
- (b) the well's share of the allowable redistributed as a result of the cancellation of underproduction on December 31, 1957,

then said well shall be considered to have been in balance during said month.

- (4) That the proposed interim relief should be granted. (R-1092 - Do not use (3) and (4) above ~~from~~ findings since they are not in the form of a permanent finding. The above is shown for information purposes only)

(2) That the applicant, Texas Pacific Coal & Oil Company, seeks an order in the subject case for the immediate termination of gas prorationing in the Jalmat Gas Pool, Lea County, New Mexico, or in the alternative, an order for the immediate cancellation of all underproduction accumulated to wells in the Jalmat Gas Pool as of July 1, 1957, and further, to require the gas purchasers in said pool to nominate a sufficient amount of gas from the pool to permit the wells from which said purchasers are able to take gas to have an allowable equal to their actual production, and further for the establishment of a proration formula in the Jalmat Gas Pool whereby the allowables would be assigned 75 per cent on the basis of deliverability times acreage and 25 per cent on the basis of acreage alone; and further, for the establishment of a maximum amount of gas which may be taken from any well in the Jalmat Gas Pool during a specified period of time.

(R-1092-A - Do not use in Findings, shown for information purposes only)

(3) That it is necessary to continue the proration of gas production from the Jalmat Gas Pool in order to prevent waste and protect correlative rights.

(4) That all underage which accrued to wells in the Jalmat Gas Pool prior to July 1, 1957, and which was not produced prior to January 1, 1958, will be cancelled and redistributed as of that date in accordance with the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order No. R-520 as amended by Order No. R-967, and that the applicant has failed to prove the necessity for any additional relief in this regard. (R-1092-A - Special)

(5) That the applicant has proved that there is a general correlation between the deliverabilities of the gas wells in the Jalmat Gas Pool and the gas in place under the tracts dedicated to said wells, and that the inclusion of a deliverability factor in the proration formula for the Jalmat Gas Pool would, therefore, result in a more equitable allocation of the gas production in said pool than under the present gas proration formula.

(6) That the inclusion of a deliverability factor in the proration formula for the Jalmat Gas Pool will result in the production of a greater percentage of the pool allowable, and that it will more nearly enable the various gas purchasers in the Jalmat Gas Pool to meet the market demand for gas from said pool.

(7) That the allowable gas production in the Jalmat Gas Pool should be allocated to the non-marginal wells in said pool in accordance with a proration formula based on seventy-five percent (75%) acreage times deliverability plus twenty-five percent (25%) acreage only.

(8) That the applicant has failed to prove the necessity for establishing a limitation on the amount of gas which may be taken from wells in the Jalmat Gas Pool in addition to the limitations presently imposed by the Special Rules and Regulations for the Jalmat Gas Pool.

(9) That the application of Texas Pacific Coal and Oil Company in the subject case should be denied in all respects except that the Special Rules and Regulations for the Jalmat Gas Pool should be amended to provide for a deliverability factor in the gas proration formula.

(R-1092-A - Special)

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 after considering all the evidence presented at the original hearings and the rehearing in this case, the Commission reaffirms its finding that Texas Pacific Coal and Oil Company has proved by a preponderance of the evidence that there is a general correlation between the deliverabilities of the gas wells in the Jalmat Gas Pool and the recoverable gas in place under the tracts dedicated to said wells, and that the inclusion of a deliverability factor in the proration formula for the Jalmat Gas Pool would, therefore, result in a more equitable allocation of the gas production in said pool than under the present gas proration formula.

(3) That the provisions of Order No. R-1092-A should remain in full force and effect.

info (R-1092-B - Exclude from Findings - Shown for information purposes.)

*Copy of the original
of the order
to the
Commission 1-21-59
1959*

**JALMAT GAS POOL
LEA COUNTY, NEW MEXICO**

INDEX SHEET

JALMAT GAS POOL

Created
~~Corrected~~ from: Jal Pool
 Jalco Gas Pool
 Langmat Gas Pool
 Falby-Yates Oil Pool
 Part of Cooper Jal Oil Pool
 Part of Eaves Oil Pool

JAL POOL (Absorbed by Cooper-Jal Oil Pool)

<u>Order No.</u>	<u>Purpose of Order</u>	<u>Date of Order</u>	<u>Remarks</u>
7 ✓	Pool Rules	-	This order was repealed and rescinded?
21 ✓	Spacing & well location rules	-	This order was repealed and rescinded?
<u>JALCO GAS POOL</u>			
R-264 ✓	Created Pool	Feb. 17, 1953	Pool boundaries were defined
R-264-A ✓	Extended limits	Nov. 10, 1953	Pool boundaries extended
R-356 ✓	Promulgate Special Rules & Regulations for proration of gas wells in Southeast New Mexico	Aug. 29, 1953	Rules applied to "Spacing" "Gas Proration," "Proration Units," "Gas Allocation" "Balancing Pool" "Allowables" "Reporting of Production".
R-368 ✓	Created General "Stand-by" Pool Rules	Sept. 28, 1953	Approved General "Stand-by" Special Rules & Regulations as set out in Order R-356 to apply to Jolco Gas Pool
R-368-A ✓	Created Pool Rules	Nov. 10, 1953	Established Special Rules & Regulations for Jolco Gas Pool to approximate General Rules and Regulations promulgated by Order R-356.
R-368-B ✓	To set date for rehearing on Pool Rules & Regulations	Dec. 7, 1953	Order stated that Orders R-368 & R-368-A shall remain in full force & effect.
R-520 ✓	Change Pool to Jalmat Gas Pool	Aug. 12, 1954	Jolco Gas Pool was abolished and wells were included in newly formed Jalmat Gas Pool.