

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. 2406
Order No. R-2127

APPLICATION OF SHELL OIL COMPANY
FOR AN EXCEPTION TO RULE 502-I,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 25, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 21st day of November, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 exception to Rule 502-I of the Commission Rules and Regulations to increase from 25 percent to 100 percent the daily production tolerance applicable to all of its wells located in the Hobbs, Eunice-Monument, Vacuum-Abo, and Vacuum-San Andres Pools in Lea County, New Mexico.
- (3) That the applicant proposes to produce the top allowable wells in the above-described pools at a maximum of 200 percent of top allowable five days each week and to shut in the top allowable wells two days each week.
- (4) That the applicant further proposes to produce the marginal wells in the above-described pools seven days each week and to leave said marginal wells unattended $2 \frac{2}{3}$ days each week while the wells would be producing.
- (5) That the proposed plan of the applicant would result in higher than normal peak flows of casinghead gas during the five-day periods in which the top allowable wells would be producing.

(6) That although the applicant's proposal could reasonably have the effect of reducing the applicant's operating costs and extending the economic life of its wells in the above-described pools, approval of the subject application would probably inspire other operators to seek increases in the daily tolerances for their wells and, in the absence of an agreement by all operators to ensure a uniform flow of casinghead gas to the gasoline plants, would ultimately cause waste by the flaring of considerable quantities of casinghead gas during periods of excessive peak flow.

(7) That the proposal of the applicant to leave its marginal producing wells unattended for a 2 2/3-day period each week is not in the best interest of prudent operations.

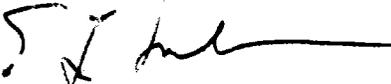
(8) That for the reasons set forth in Findings 5, 6, and 7 above, the subject application should be denied.

IT IS THEREFORE ORDERED:

That the application in Case No. 2406 is hereby denied.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

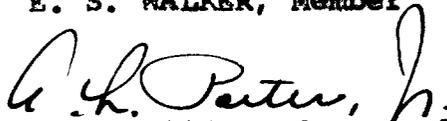
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

