

CASE 4465: IN THE MATTER OF THE  
HEARING CALLED BY THE OCC TO  
CONSIDER REVISION OF RULE 1216

Case. Number.

4465

Application,  
Transcripts.

Sm all Exhibts.

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
December 2, 1970

EXAMINER HEARING

IN THE MATTER OF:

Hearing called by the Oil Conservation  
Commission on its own motion to consider  
the revision of Rule 1216 of the Com-  
mission Rules and Regulations to permit  
matters involving the limiting of total  
production of gas from a gas pool to be  
heard before an examiner.

Case No. 4465

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

I N D E XWITNESSPAGE

ELVIS A. UTZ

Direct Examination by Mr. Hatch

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E X H I B I TAdmitted

OCC's Exhibit No. 1

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MR. NUTTER: The Hearing will come to order in Case 4465 which is in the matter of Hearing called by the Oil Conservation Commission on its own position to consider the revision of Rule 1216 of the Commission Rules and Regulations to permit matters involving the limiting of total production of gas from gas pools to be heard before an examiner.

ELVIS A. UTZ

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

DIRECT EXAMINATION

BY MR. HATCH:

Q Would you state your name and position for the record?

A Elvis A. Utz, engineer with the Oil Conservation Commission.

Q Are you familiar with the purpose of Case 4465?

A Yes, I am.

Q Would you review for the Examiner the provisions of the present Rule 1216 and what the Commission is proposing in this Case?

A The present Rule 1216 reads as follows: "Hearings which must be held before the Commission notwithstanding

any other provisions of these Rules Hearing on any matter shall be held before the Commission, one, if it is a Hearing de novo or two, if the Commission in its discretion desires to hear the matter or three, if the matter involves limiting the total production of accrued petroleum oil in the State or, four, if the matter involves limiting the total production of gas from any gas pool."

The Commission recommends, or I recommend, that number four be stricken from the Rule. The reason for this is that the oil allowables are held now only every other month and the oil allowables do require at that time a Commission quorum which means that with a Commission quorum there is a difficulty in getting a Commission quorum and it is not necessary to get a Commission quorum every odd month, that is those months that do not hear oil allowables, in order to hear the gas allowables and, of course, the way it is now we have to have gas allowables testimony every month and it requires the Commission to meet and have a quorum each month. The gas allowable is not so complicated that it could not be handled by an Examiner.

Q Would the Hearing continue to be held about the middle of each month?

A Yes, it would.

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Q Would the gas allowable Hearing only be heard by an Examiner each time or would the Commission hear some of the cases?

A It could be handled either way on the months in which the oil allowable is heard, could either hear it by an Examiner because our pattern now is to have an Examiner Hearing in the middle of the month as well as full Commission Hearing when necessary.

Q Do you have an Exhibit? There has been an Exhibit marked No. 1 the Examiner has in his hand. Was that prepared by members of the Commission staff?

A Yes, it was.

MR. HATCH: I would like to introduce Exhibit 1 which is merely the writing of Rule 1216 showing the part that would be deleted from it leaving it as it is proposed by Mr. Utz.

MR. NUTTER: OCC's Exhibit 1 will be admitted in evidence.

(Whereupon, OCC's Exhibit No. 1 was admitted in evidence.)

MR. NUTTER: Does anyone have any questions of Mr. Utz? You may be excused. Anything further, Mr. Hatch?

MR. HATCH: No.

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MR. NUTTER: Anyone have anything further?

The case will be taken under advisement.



STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO )

I, SOVEIDA GONZALES, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

*Soveida Gonzales*  
COURT REPORTER

I do hereby certify that the foregoing is a true and correct record of the proceedings in the hearing of Case No. 4465, held by me on Dec 2, 1970.  
[Signature] Examiner  
New Mexico Oil Conservation Commission

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO CONSIDER THE REVISION OF RULE 1216 OF THE COMMISSION RULES AND REGULATIONS TO PERMIT MATTERS INVOLVING THE LIMITING OF TOTAL PRODUCTION OF GAS FROM A GAS POOL TO BE HEARD BEFORE AN EXAMINER.

CASE No. 4465  
Order No. R-4073

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 2, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of December, 1970, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 Rule 1216 of the New Mexico Oil Conservation Commission Rules and Regulations as presently written requires matters involving limiting the total production of gas from any gas pool to be held before the Commission.

(3) That said Rule 1216 of the Commission Rules and Regulations should be amended to permit matters involving limiting the total production of gas from any gas pool to be held before an examiner in order to relieve the Commission of an unnecessary and burdensome duty.

IT IS THEREFORE ORDERED:

(1) That Rule 1216 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended to read in its

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CASE No. 4465  
Order No. R-4073

entirety as follows:

"RULE 1216. HEARINGS WHICH MUST BE HELD BEFORE COMMISSION

Notwithstanding any other provisions of these rules, the hearing on any matter shall be held before the Commission (1) if it is a hearing de novo, or (2) if the Commission in its discretion desires to hear the matter, or (3) if the matter involves limiting the total production of crude petroleum oil in the State."

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID F. CARGO, Chairman

  
ALEX J. ARMIJO, Member

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

csr/

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 2, 1970

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 4436: (Continued from the October 14, 1970, Examiner Hearing)

Application of El Paso Natural Gas Company for the amendment of the General Rules and Regulations governing the prorated gas pools of New Mexico and the amendment of the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the General Rules and Regulations governing the prorated gas pools of Northwest and Southeast New Mexico and the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, to permit substantial changes in the method of classifying marginal wells, and the assignment of allowable to marginal wells governed by the aforesaid rules and regulations, as well as a substantial change in the balancing of production procedure required by said rules. Copies of the proposed amendments will be circulated by way of the Commission's general mailing list and will be available upon request made to the Commission at its Santa Fe office.

CASE 4465: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Rule 1216 of the Commission Rules and Regulations to permit matters involving the limiting of total production of gas from a gas pool to be heard before an examiner.

CASE 4466: Application of Reserve Oil and Gas Company for a non-standard gas proration Unit and dual dedication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the NW/4 of Section 17, Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dually dedicated to its Woolworth "B" Well No. 1, a gas well, located 330 feet from the North line and 990 feet from the West line of said Section 17, and to Jalmat oil wells in said quarter section.

CASE 4467: Application of Gulf Oil Corporation for commingling of production, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rules 303 and 309 of the Commission Rules and Regulations to commingle, prior to measurement, production from the Hobbs (Grayburg-San Andres) and Hobbs-Blaine Pools on its W. D. Grimes NCT-B Lease in Section 33, Township 18 South, Range 38 East, Lea County, New Mexico. Applicant further seeks authority to commingle, prior to measurement, the aforesaid production with the Hobbs (Grayburg-San Andres) production from its W. D. Grimes NCT-A Lease in Section 32, said Township and Range. Allocation of production to each lease and pool would be on the basis of well tests.

- CASE 4468: Application of Continental Oil Company for a dual completion and water injection, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Langlie Jack Unit Well No. 16 located in Unit M, Section 21, Township 24 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Jalmat Gas Pool and the injection of water into the Langlie-Mattix Pool for secondary recovery purposes through parallel strings of tubing.
- CASE 4469: Application of Anadarko Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Teas Yates Unit Area comprising 1200 acres, more or less, of Federal lands in Township 20 South, Ranges 33 and 34 East, Lea County, New Mexico.
- CASE 4470: Application of Anadarko Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Teas Yates Unit Area, Teas Yates-Seven Rivers Pool, Lea County, New Mexico, by the injection of water through ten wells into the Yates formation.
- CASE 4471: Application of H. L. Brown, Jr. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill an undesignated Morrow test well at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line of Section 19, Township 19 South, Range 30 East, Eddy County, New Mexico. The E/2 of said Section 19 would be dedicated to said well.

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CASE NO.	4465

CASE 4465

RULE 1216. HEARINGS WHICH MUST BE HELD BEFORE COMMISSION

Notwithstanding any other provisions of these rules, the hearing on any matter shall be held before the Commission (1) if it is a hearing de novo, or (2) if the Commission in its discretion desires to hear the matter, or (3) if the matter involves limiting the total production of crude petroleum oil in the State. 7 ~~or (4) if the matter involves limiting the total production of gas from any gas pool.~~

DRAFT

GMH/esr  
December 3, 1970

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~~

RECORDS CENTER

CASE No. 4465

Order No. R- 4073

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION TO CONSIDER THE REVISION OF  
RULE 1216 OF THE COMMISSION RULES AND REGULATIONS TO PERMIT  
MATTERS INVOLVING THE LIMITING OF TOTAL PRODUCTION OF GAS  
FROM A GAS POOL TO BE HEARD BEFORE AN EXAMINER.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 2, 1970,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of December, 1970, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, 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 Rule 1216 of the New Mexico Oil Conservation Commis-  
sion Rules and Regulations as presently written requires matters  
involving limiting the total production of gas from any gas pool  
to be held before the Commission.

(3) That said Rule 1216 of the Commission Rules and Regula-  
tions should be amended to permit matters involving limiting the  
total production of gas from any gas pool to be held before an exam-  
iner in order to relieve the Commission of an unnecessary and  
burdensome duty.

IT IS THEREFORE ORDERED:

(1) That Rule 1216 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 1216. HEARINGS WHICH MUST BE HELD BEFORE COMMISSION

Notwithstanding any other provisions of these rules, the hearing on any matter shall be held before the Commission (1) if it is a hearing de novo, or (2) if the Commission in its discretion desires to hear the matter, or (3) if the matter involves limiting the total production of crude petroleum oil in the State."

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



Exon Hearing - Dec. 2, 1970

Memorandum

Case —

~~Application~~

In the matter of the hearing called  
by the Oil Conservation Commission on  
its own motion to consider the revision  
of Rule 1216 of the Commission Rules and Regulations  
to permit matters involving the limiting of total  
production of gas from a gas pool to be heard  
before an arbitrator.

CASE 4466: Application of RESERVE  
FOR A NON-STANDARD GAS PRORATION  
UNIT & DUAL DEDICATION OF ACREAGE

*Examiner*