

CASE 4623: MOTION OF OCC TO CON-
SIDER AMENDMENT OF DEFINITION OF
GAS WELL AS IT APPEARS IN RULES.

Case Number
4623

Application

Transcripts

Small Exhibits

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

November 10, 1971
Examiner Hearing

IN THE MATTER OF:)

The hearing called by the Oil)
Conservation Commission upon)
its own motion to consider the)
amendment of the definition)
of a gas well as it appears)
in its Rules and Regulations.)

Case No. 4623

BEFORE: DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING

1 MR. NUTTER: We will call Case No. 4623, which is in
2 the matter of the hearing called by the Oil Conservation
3 Commission upon its own motion to consider the amendment of
4 the definition of the gas well as it appears in the Commission
5 Rules and Regulations.

6 MR. HATCH: George Hatch, appearing on behalf of the
7 Commission and its staff, and I have one witness, Mr. Elvis
8 Utz.

9 MR. NUTTER: I will call for other appearances in
10 this case.

11 MR. RAINEY: D. H. Rainey, El Paso Natural Gas Company.

12 MR. JENNINGS: James T. Jennings of Jennings, Christy
13 and Copple in Roswell, appearing on behalf of M.K.A. Oil
14 Property.

15 MR. HENDRIX: John H. Hendrix, Wolfson Oil Company
16 and Bruce A. Willbanks.

17 MR. NUTTER: Let's see, that is Hendrix, M.K.A.,
18 Wolfson.--

19 MR. HENDRIX: Bruce Willbanks.

20 MR. NUTTER: And Willbanks?

21 MR. LYON: V. T. Lyon, Continental Oil Company.

22 (Whereupon, Applicant's Exhibit No. 1 was marked
23 for identification.)

24 (Witness sworn)
25

ELVIS A. UTZ

having been first duly sworn, according to law, upon his oath testified as follows:

DIRECT EXAMINATION

BY MR. HATCH:

Q Would you state your name, position and place of employment?

A Elvis A. Utz, engineer with the Oil Conservation Commission at Santa Fe.

Q Are you familiar with Case 4623 and what it proposes?

A Yes, I am. 4623 proposes a revised definition for a gas well which is to be used as a new definition in our rule book.

Q And are you familiar with the present definition of a gas well as it appears in the rule book?

A I could read it into the record. However, briefly, it just merely says that a gas well is a well that is producing from designated gas pool, common source of supply.

Q All right. And what about oil wells?

A Well, I believe there is a definition for an oil well, reads the same. Not the same as a gas well, but common source of supply.

Q Would it be correct to say that you only have oil wells in oil pools?

1 A At the present time.

2 Q As they are presently defined?

3 A I think that is true. "An oil well shall mean any well
4 capable of producing oil and which is not a gas well as
5 defined herein."

6 Q Do you have any idea as to how many wells would be affected
7 should the Commission choose to adopt the proposed
8 definition?

9 A Yes. I have made a tabulation. Do you want this Exhibit 1?

10 Q Yes.

11 A I have made a tabulation of the wells that would be
12 affected and reclassified as gas wells according to our
13 latest oil proration schedule.

14 Q Mr. Utz, I wish you would go a little further into what
15 you mean when you say the latest proration schedules. Did
16 you look at all schedules for the different districts, and
17 what months?

18 A Yes. I went through the November and December schedules
19 for Lea County, the Artesia area, which is mainly Eddy
20 County in northwest New Mexico.

21 Q All right. And what were you taking from those schedules
22 in compiling this exhibit that you have marked as Exhibit 1?

23 A In the schedules there is periodically a well classified
24 as a gas well, so states in the schedule. Those, of
25 course, are wells in excess of 100,000 to 1, which I

1 counted in this tabulation, and in addition to that all
2 this is wells which show a good g.o.r. of 100,000 or over.

3 Q Do you have some pools in the schedule that do not have
4 g.o.r. listed by them? This would be just wells from pools
5 that are not exempt from g.o.r. test or exempt from g.o.r.
6 limitations?

7 A Well, yes. There are no wells in the pool that are exempt
8 from the g.o.r. limitation with g.o.r.'s on them.

9 Q All right. How many wells do you find in going through
10 the schedule?

11 A I found 181.

12 Q Whereabouts are those located?

13 A Well, they are located in various pools. Would you like
14 for me to go through the tabulation briefly?

15 Q Yes.

16 A Let me count the pools here. I count twenty-eight pools
17 that these 181 wells are in. I think most of you have a
18 tabulation of Exhibit 1. Most of them are in Langlie
19 Mattix, sixty-three wells, Monument, thirty-five wells,
20 the Allison pool, seven wells, and the Brunson-Ellenburger,
21 four, the Drinkard, eighteen, and the Eunice, Grayburg, San
22 Andres, eight, the South Eunice-Seven Rivers-Queen, eight,
23 Penrose-Skelly-Grayburg, ten, the Wilson, five, and the
24 East Red Lake-Queen-Grayburg, four. All the others have
25 one.

1 MR. NUTTER: With the exception of Milnesand, and it
2 has two.

3 A That's correct.

4 Q And there any wells shown there from northwest New Mexico?

5 A No. There are none in northwest New Mexico.

6 Q Are there very many shown now from the Artesia district?

7 A Not very many because quite a few pools over the area are
8 exempt from g.o.r. because of their extremely low ratios.

9 Q All right. Now, you said in pointing to the schedule you
10 were looking at wells that had g.o.r.'s in excess of 100,
11 g.o.r. ratio limitation tested in excess of 100,000.

12 A Yes.

13 Q Would those also be wells that are only located in the oil
14 pools?

15 A That's correct. This tabulation is all for oil pools, and
16 these are wells in oil pools.

17 Q All right. If the Commission should decide to accept this
18 proposed definition change what would be their basis of
19 their classification? Would it be on the basis of a gas-
20 oil ratio test or the producing gas-oil ratio?

21 A If the rule went into effect immediately or say within
22 ninety days or such matter these wells would be classified
23 on the basis of their current g.o.r. tests, which is on
24 file with the Commission.

25 If a g.o.r. test is not available I would recommend

1 that these wells be classified as gas wells on the basis
2 of their producing g.o.r.'s as recorded in the statistical
3 book of the Oil Commission.

4 Q All right. How long would that classification remain with
5 the well?

6 A It would remain with the well until the next g.o.r. test
7 or until our scrutiny of the producing data for the well
8 showed that it was producing more than 100,000 to 1. Then
9 I would suggest that the well be classified as a gas well
10 immediately and probably shut-in or at least curtailed.

11 Q Would your recommendations be the same if it were classified
12 as a gas well, but its production showed that it was
13 producing at least then 100,000 to 1?

14 A Yes, it would.

15 Q All right. Will the amount of gas one of these wells is
16 permitted to produce be changed any by this definition.

17 A No, it would not.

18 Q Would its permitted gas-oil be the same?

19 A Its permitted gas-oil and normal unit allowable times the
20 pool g.o.r.

21 Q What about its oil allowable?

22 A No. Its oil allowable would not be changed either. As a
23 matter of fact, as a gas well its oil allowable or whatever
24 liquids it should produce, if any, would be covered under
25 Rule 803. In other words, up to the normal unit allowable,

1 its legal production, providing that the paper work is all
2 in.

3 Q All right. Would this definition, if it were adopted by
4 the Commission, change the spacing, have any effect upon
5 the spacing of a well?

6 A No, it would not. Spacing would be determined by special
7 pool rules or Rule 104 in the case of the absence of the
8 special pool rules. A gas well in a 40-acre pool would
9 be 40-acre spacing. A 160-acre pool the same.

10 Now, we do have pools that are designated by special
11 pool rules. The majority of these are associated pools
12 where gas-oil have different spacing, but again, this is
13 by special pool rules.

14 Q All right. Now, in thinking of a wildcat well that is
15 drilled and upon completion its gas-oil ratio is in
16 excess of 100,000 to 1. Would that necessarily mean that
17 you have a gas pool?

18 A No, it would not. I would not propose that the 100,000 to
19 1 be mandatory in classifying new pools. I think it
20 probably should be used as a guide in the absence of other
21 information such as reservoir data and p.v.r. tests, but
22 it would not be mandatory, in my opinion, that pools be
23 classified as gas pools if they were over 100,000.

24 Q Well, the well itself would necessarily be classified as a
25 gas well?

1 A That's correct. The well itself.

2 Q It would be possible for the pool to be classified as an
3 oil pool?

4 A That's right.

5 Q All right. Do you have any reason that you would like to
6 give the Examiner for the change in this definition?

7 A I think the first reason, there are two reasons which cause
8 me to be here. The first reason is a matter of just being
9 plain realistic. The vernacular of the industry as well
10 as most federal and state agencies recognize that some
11 wells are gas wells and some wells are oil wells.

12 They also recognize that there are gas wells in oil
13 pools. I think it is even possible that even we as a
14 Commission recognize there are oil wells in gas pools, so
15 from that standpoint I think it is just being honest with
16 ourselves in calling a well what it actually is, a gas well
17 or an oil well.

18 The second reason is to assist our proration manager
19 in properly classifying wells in oil pools and not be bound
20 to assign them an oil allowable even though they do not
21 produce any oil or the oil is extremely marginal and
22 nonexistant.

23 As a matter of fact, he does this now in the proration
24 schedule. Without this classification it probably isn't
25 proper.

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1 Q Would you go back to what has been marked as Exhibit 1 just
2 a moment? Now, I would ask how many wells in your opinion
3 might be affected immediately by this change of definition,
4 but I don't think any question was asked concerning the
5 amount of gas that might be affected, that were produced.
6 In other words, the amount of gas that might be produced
7 by those wells.

8 A Yes. On the far right-hand side is a tabulation for each
9 pool and the number of wells in that pool under the column
10 entitled Volume Gas Allowable and M.c.f.

11 Now, this represents the volume that these wells would
12 produce or -- not would produce, but would be allowed,
13 according to the pool g.o.r. limit.

14 Now, this total is 106,467 m.c.f. Now, I did not have
15 time to make any study as to how much of the 106,000
16 probably could be produced, but I would estimate in the
17 neighborhood of fifty percent.

18 Q Did you prepare Exhibit 1?

19 A Yes, sir, yes, I did.

20 MR. HATCH: I would like to move the introduction of
21 Exhibit 1 into evidence.

22 MR. NUTTER: OCC Exhibit No. 1 will be admitted in
23 evidence.

24 MR. HATCH: Do you have anything further you would
25 like to testify to at the present time?

1 A Yes. I have one thing further which I am sure I will be
2 asked in the cross-examination in regard to metering the
3 gas from these wells.

4 Rule 403 of our Rules and Regulations first requires
5 that all dry gas wells be metered separately.

6 It also gives an administrative relief from this from
7 the Secretary of the Oil Commission. I would recommend
8 that this metering problem be taken care of on an
9 individual well basis or possibly a lease basis by
10 administrative approval or denial from the Secretary of
11 the Commission.

12 In certain instances I can visualize where the
13 Commission might want an oil or gas well in an oil pool
14 metered separately.

15 Q And you mentioned the word dry gas. You were not
16 suggesting that this definition is that only wells
17 classified as gas wells are considered dry gas wells?

18 A No. I think the term dry gas is usually used for gas wells
19 in gas pools. However, it is a pretty vague definition.

20 Actually there are wells, gas wells, in oil pools that
21 produce no liquids whatsoever. There are many gas wells
22 in gas pools that produce a substantial amount of liquids.

23 I think the term, if I used dry gas should be natural
24 gas.

25 MR. HATCH: That's all the questions I have.

1 MR. NUTTER: Are there any questions of Mr. Utz?

2 MR. LYON: I would like to ask a question if I may.

3 CROSS-EXAMINATION

4 BY MR. LYON:

5 Q Mr. Utz, I am a little concerned that there is an ambiguity
6 in the definitions in regard to definition of casinghead
7 gas in connection with this.

8 Casinghead gas is defined as -- "shall mean any gas
9 or vapor or both gas and vapor indigenous to and produced
10 from a pool classified as an oil pool by the Commission.
11 This also includes gas cap gas produced from such an oil
12 pool."

13 I believe it is the Commission's intent that the gas
14 produced from these gas wells classified by the high gas-
15 oil ratio would be considered as dry gas.

16 A No. I don't think it is our intent to consider dry gas.
17 As I just stated I recall a natural gas. Now, let me
18 read this definition here for casinghead gas.

19 Well, I would think that our definition of casinghead
20 gas would pin it down. It would be classified as an oil
21 pool, and the definition says anything that is produced
22 from the vapor form from an oil pool is casinghead gas, so
23 I presume that it would be casinghead gas.

24 Q This would still be casinghead gas?

25 A Yes.

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1 Q Did I understand you to say that the measurement of gas
2 and measuring of liquids and the storage of liquids from
3 these wells by request and administrative procedures could
4 be continued to be handled in the way that they presently
5 are, if this is the operator's desire?

6 A Yes. I think they could. As a matter of fact, I'm sure,
7 you know, that there are about a page and a half of gas
8 wells listed in the back of the oil proration schedule.
9 Well, those are commingled gas wells.

10 Q Now, is it your position that these gas wells would still
11 appear on the oil proration schedule?

12 A Yes, they would, just as they are now, right.

13 MR. LYON: I believe that's all I have.

14 A As a matter of fact, Mr. Lyon, that is one of Mr. Ramey's
15 problems down there. It is a well in an oil pool and he
16 can't drop it out of the schedule just because it produces
17 no liquids, so he needs a classification for it so that he
18 can keep it in the schedule.

19 Also from now on out we will be keeping track of the
20 gas production as such so we will want it there for that
21 purpose, too.

22 MR. NUTTER: Mr. Utz, what would the allowable be for
23 one of these wells that would be classified as a gas well?

24 THE WITNESS: It would be the normal unit allowable
25 times the pool g.o.r.

1 MR. NUTTER: Is the intent of the Commission to list
2 the casinghead gas allowable or the natural gas allowable,
3 whatever the gas allowable is for one of these wells in the
4 schedule?

5 THE WITNESS: Yes.

6 MR. NUTTER: How will that be done?

7 THE WITNESS: It is our intent to list it at the
8 head of each pool where we list the -- I believe we list a
9 normal unit allowable, and the g.o.r. on the line just below
10 that we will list the casinghead gas allowable.

11 MR. NUTTER: And this gas allowable is the top
12 allowable and is applicable to every well in the pool; is that
13 correct?

14 THE WITNESS: That's right, of oil or gas.

15 MR. NUTTER: I see.

16 MR. HATCH: I have one other question here.

17 MR. PORTER: Before you get into that, I think you
18 should clarify one point here. Mr. Utz said normal unit
19 allowable. In each case it would be top allowable for the pool?

20 MR. NUTTER: Top allowable for the pool.

21 THE WITNESS: Top allowable. I should have said
22 top allowable.

23 REDIRECT EXAMINATION

24 BY MR. HATCH:

25 Q Mr. Utz, on the matter of metering is it your opinion that

1 if the companies continue their reporting as they presently
2 do and the Commission accepted that, that would be
3 considered as approved by the Commission?

4 A Yes, if the Commission accepted it as such.

5 Q You would not expect them to apply for some other method
6 other than metering?

7 A No. I would visualize, Mr. Hatch, that under this rule
8 if their well is classified as a gas well, well, if they
9 don't meter it separately they should make an application.

10 MR. HATCH: That's all I have.

11 MR. NUTTER: Are there any other questions of Mr. Utz?

12 MR. PORTER: I have one question. Mr. Nutter, I came
13 in a little late, as you know. Have you pursued this matter of
14 the possibility of having to renegotiate contracts?

15 MR. NUTTER: That has not been mentioned.

16 MR. PORTER: May I pursue that line of questioning
17 for a moment?

18 CROSS-EXAMINATION

19 BY MR. PORTER:

20 Q Mr. Utz, this matter has been brought to my attention by
21 more than one person. They say that this action by the
22 Commission might necessitate renegotiation of contracts,
23 and this, of course, would require some time.

24 Now, just how much time, I don't know. Would you have
25 any objection to allowing a reasonable time before this

1 rule was put into effect in order to allow these
2 renegotiations?

3 A No. I would be quite receptive, personally, to an extension
4 of time to go ahead and write the order and put a time,
5 say, well, if you want ninety days, make it March 1,
6 whatever time we decide on, even April 1 would be
7 satisfactory as far as our purpose is concerned, and give
8 them plenty of time to do their renegotiating.

9 MR. PORTER: That's all I have.

10 MR. NUTTER: And if a well were classified as a gas
11 well in the proration schedule, Mr. Utz, what would the liquid
12 allowable be on that well?

13 THE WITNESS: It would be whatever the well can
14 produce. It might not be anything.

15 MR. NUTTER: Whatever it could produce up --

16 THE WITNESS: Up to the normal.

17 MR. NUTTER: Up to the casinghead gas allowable?

18 THE WITNESS: Up to the top allowable.

19 MR. NUTTER: Of gas?

20 THE WITNESS: That's right.

21 MR. NUTTER: And, of course, it would be restricted
22 because it would be a 100,000 to 1 well?

23 THE WITNESS: Well, that's correct. If it was
24 classified as a gas well based on 100,000 and then it properly
25 so couldn't produce any more than a one barrel per 100,000.

1 MR. NUTTER: I see. Are there any further questions
2 of Mr. Utz?

3 MR. JENNINGS: Mr. Utz, one question.

4 CROSS-EXAMINATION

5 BY MR. JENNINGS:

6 Q Do you think that we might get into a problem in our
7 definition of casinghead gas when you amend? This is going
8 to be considered as casinghead gas? Does that definition
9 need some change, too? It is on page one.

10 A I don't know. As far as our purpose in promulgating this
11 definition of a gas well I doubt that we would want to
12 change the definition for casinghead gas. Frankly, I
13 think probably the definition for casinghead gas would
14 be very pertinent to some contracts, and we don't want to
15 get into a contract situation as far as our business is
16 concerned.

17 MR. NUTTER: If an operator sought a change in the
18 definition it would certainly be his prerogative to ask for a
19 hearing to ask for a definition change, wouldn't it?

20 THE WITNESS: I would think it would be in order, yes.

21 MR. HENDRIX: May I ask a question?

22 MR. NUTTER: Sure.

23 CROSS-EXAMINATION

24 BY MR. HENDRIX:

25 Q Can, in fact, a gas well produce casinghead gas? Now, I

1 MR. NUTTER: I see. Are there any further questions
2 of Mr. Utz?

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4 CROSS-EXAMINATION

5 BY MR. JENNINGS:

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7 definition of casinghead gas when you amend? This is going
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15 get into a contract situation as far as our business is
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18 definition it would certainly be his prerogative to ask for a
19 hearing to ask for a definition change, wouldn't it?

20 THE WITNESS: I would think it would be in order, yes.

21 MR. HENDRIX: May I ask a question?

22 MR. NUTTER: Sure.

23 CROSS-EXAMINATION

24 BY MR. HENDRIX:

25 Q Can, in fact, a gas well produce casinghead gas? Now, I

1 mean, here you mentioned the plain logic that gas wells
2 are gas wells and what not a little earlier.

3 By that same line of logic can a gas well produce
4 casinghead gas?

5 A I think that would have to be determined by definition,
6 and our definition of casinghead gas says any gas that
7 comes out of an oil pool is casinghead gas at this time.

8 Q Well, aside from that, here again, going back to your
9 statement earlier that by plain logic there are gas wells
10 in gas pools and oil wells in gas pools, gas pools and vice
11 versa, as an engineer do you consider it feasible to think
12 that a gas well can produce casinghead gas aside from the
13 Commission's definition?

14 A I think it can. We are defining casinghead gas as gas cap
15 gas, and you can sure as the world have a gas well in a
16 gas cap, and according to our definition it is casinghead
17 gas.

18 Now, it may be dry as can be.

19 MR. NUTTER: I think, Mr. Utz, he is not asking
20 according to definition. He is just asking you according to the
21 logic of the thing.

22 THE WITNESS: The logic, the opinion of it? Well,
23 I think I have testified to the fact, Mr. Nutter, that that
24 determination of casinghead or gas well gas or dry gas, what
25 was the term you used?

1 MR. HENDRIX: Well, I am saying can a gas well produce
2 casinghead gas?

3 THE WITNESS: And I said I think it can.

4 MR. HENDRIX: Okay. Thank you.

5 MR. JENNINGS: One other question, Mr. Utz.

6 RE CROSS-EXAMINATION

7 BY MR. JENNINGS:

8 Q In our sister state of Texas is this definition similar,
9 to define a gas well as a gas well that is capable or has
10 a gas-oil ratio in excess of 100,000 cubic feet?

11 A Yes. That is a statute in the state of Texas, the great
12 state of Texas. Also, that is commonly along that line,
13 Mr. Jennings -- I can say that that is a commonly
14 accepted breaking point for determination of oil and gas
15 wells.

16 Some textbooks I think actually say that it is the
17 way you determine the condensate field from an oil field.

18 In my opinion it is a top limit before a definition
19 of a gas well. As a matter of fact, some of our own
20 orders define gas wells as being 30 and 32,000 g.o.r.'s
21 in our special pool rules, again, the Monument, as I'm
22 sure you know, uses 100,000 to 1.

23 MR. HENDRIX: I would like one other question, if I
24 may.

25

RECROSS-EXAMINATION

BY MR. HENDRIX:

Q If a gas well in an oil field produces an oil or a liquid with gravity say in excess of fifty degrees would you still classify that as casinghead gas in your opinion?

A In my opinion?

Q Yes, sir.

A I think I would if it is in an oil pool. We would make no attempt here with this definition to use gravities in any way whatsoever as far as classifying casing of the gas wells are concerned, and if it were a new pool I think possibly gravity should enter into the determination, gravity as well as p.v.r. tests to determine whether it should be classified as an oil or a gas pool.

MR. HENDRIX: Thank you again.

MR. FREEDMAN: H. G. Freedman. May I ask a question?

CROSS-EXAMINATION

BY MR. FREEDMAN:

Q On these associated gas wells are you saying there will be a difference in the associated gas well, associated pool as compared with the gas wells in these pools on this list? Is there any difference in your opinion?

A I don't know whether I understand your question exactly. Let me restate it as my understanding. You are asking is there any difference between a gas well as I am defining it

1 here and an oil pool and a gas well and an associated pool?

2 Q Yes, that's correct.

3 A The only difference would be in the g.o.r. breaking point
4 at which we determine a well to be a gas or oil.

5 Q And in the acreage?

6 A Well, that is for special pool rules, sure. If we put
7 different acreage for gas wells as opposed to oil wells
8 and the special pool rules, which we do in all associated
9 pools, for example, 80 acres for an oil well or 320 for a
10 gas well, providing you have the acres to dedicate it.

11 Q But they are both considered gas wells?

12 A Both considered gas wells, producing gas in an oil pool.

13 MR. FREEDMAN: Thank you.

14 MR. LYON: Could I ask one more question please?

15 RECROSS-EXAMINATION

16 BY MR. LYON:

17 Q Mr. Utz, would you mind reviewing for me just to make sure
18 that our office staff isn't caught short in not knowing
19 what to do what forms will need to be filed for a well that
20 is reclassified under this change of rules in order to get
21 an allowable and comply with the Commission's procedure?

22 A I don't know of any forms that need to be filed unless they
23 would be a request for metering exceptions.

24 The mere fact that this well is a gas well as defined
25 by this definition, I don't think would require you to file

1 any forms as far as a request for allowable is concerned
2 or anything else, production reports included.

3 Q You won't need to file a new C-104?

4 A I don't believe so unless you changed connections.

5 Q Changed connections, then you would?

6 A Yes.

7 Q But you would be required to set separate metering or to
8 get an exception?

9 A That would be my recommendation, yes, because we might have
10 some wells that we think ought to be metered separately
11 instead of commingled with, say, sixteen other wells I
12 think a determination --

13 MR. NUTTER: Instead of being commingled with the
14 casinghead gas?

15 THE WITNESS: That's right. The oil pool gas. I
16 think the Secretary should use at least in his judgment what
17 well should be metered separately or not as to how many wells
18 are commingled with it. You have got one well on the lease.
19 Well, of course, you are going to need separate metering.

20 MR. FREEDMAN: Mr. Utz, let me ask another question.

21 RECROSS-EXAMINATION

22 BY MR. FREEDMAN:

23 Q Are you advocating, then, separate metering for these wells
24 newly designated gas wells as compared with the casinghead
25 gas now on this property, same lease, or administrative

1 approval to commingle?

2 A Well, I don't know. That may be a tricky question. As
3 compared to the metering of this gas as opposed to
4 casinghead gas?

5 Q Well, we are calling this gas a gas well, and you are
6 advocating separate metering or administrative approval on
7 this gas as compared with the casinghead gas?

8 A I would say if this will answer your question -- I would
9 say that all gas from this well should have separate
10 metering unless it had administrative approval otherwise.
11 I don't know whether you want to call it casinghead gas
12 or something else.

13 MR. LYON: One more.

14 RECROSS-EXAMINATION

15 BY MR. LYON:

16 Q If you do have separate metering, then I assume you would
17 need to file a separate C-115 for the gas produced from the
18 separate metering facilities as a gas well, or would you
19 report on the same C-150?

20 A Well, I just made a fair perusal if the C-115 report is
21 back there and as they report now I would see no need for
22 a change, really.

23 They report the gas wells in the same pool. It is
24 reported as a gas well in an oil pool.

25 Q So it would be just reported as it is now as one of the

1 wells in that pool on that lease?

2 A Well, I see no reason for any change. As far as the
3 gas proration business we would have absolutely no use for
4 it. All they want to know back there is is that a gas well
5 or an oil well so that he can properly classify it in the
6 proration schedule.

7 MR. LYON: All right. Thank you.

8 REDIRECT EXAMINATION

9 BY MR. HATCH:

10 Q Mr. Utz, do you know whether or not now some wells have
11 been appearing on the schedule as gas wells for a period
12 of time and some are being reported on the C-115 as gas
13 wells? Do you know whether or not Mr. Ramey has required
14 those to be separately metered in the past?

15 A I don't know whether he has or not. I have a couple of
16 them here. If it is important I will be glad to look in
17 the proration schedule and see if he classifies them as
18 gas wells, but I don't know at this point. All I know is
19 that they call them gas wells on the C-115 report.

20 MR. NUTTER: I believe, Mr. Utz, that it might be
21 contemplated, mightn't it, that it would just be another well
22 on the list, and that the metering would just simply be the
23 means of determining how much gas came from the well rather
24 than a calculation based on tests to determine --

25 THE WITNESS: That is absolutely right.

1 MR. NUTTER: It is another well on the lease?

2 THE WITNESS: That's right. Just a determination of
3 whether we think in our judgment that it ought to be commingled
4 with other metering or what.

5 MR. NUTTER: The method to determine the production
6 from the well?

7 THE WITNESS: That's correct.

8 MR. NUTTER: Are there any further questions or
9 discussion? We will excuse Mr. Utz.

10 (Witness excused)

11 MR. NUTTER: Does anyone have any statements they
12 wish to make?

13 MR. RAINEY: D. H. Rainey with El Paso Natural Gas
14 Company. El Paso is the largest purchaser of gas in New Mexico,
15 and a major producer also.

16 It would commend the Commission for its efforts to
17 more precisely define a gas well.

18 It has been pointed out to me and Mr. Porter mentioned
19 it specifically one of the gasoline plant operators in which
20 we purchase the residue gas has indicated a great concern that
21 this change in definition may necessitate the renegotiation of
22 certain contracts in that they have only casinghead contracts.

23 In light of the discussion about the definition of
24 casinghead gas I would offer a minor change to the proposed
25 rule which might solve this situation as far as the contracting

1 is concerned.

2 If I may, let me suggest it, and then we can kick it
3 around if that is agreeable with the Examiner.

4 I would further suggest also that we separate the
5 proposed rule into two sections to more precisely determine
6 what we are talking about. I am using exactly the same wording
7 as is in this advertisement, "Gas well shall mean --" and I
8 am merely inserting an a, well producing gas or natural gas
9 from a gas pool or b, a well with a gas-oil ratio in excess of
10 100,000 cubic feet of gas per barrel of oil producing from an
11 oil pool, and then I would suggest adding this language, " and
12 shall be specifically defined as a casinghead gas well."

13 This may resolve the well under the definition as it
14 exists in the rules now. It is still defined as casinghead gas,
15 and it may be that this would clarify the situation as to either
16 casinghead gas wells and would resolve the contractual problems
17 that we are concerned with.

18 It would still leave it under contract as a casinghead
19 gas well. Now, this is one alternative.

20 I would further suggest in line with again Mr. Porter's
21 suggestion and Mr. Utz' acquiescence that this order be made
22 effective April 1, 1972, if the Commission decides to issue
23 such an order, and further, that the hearing record be kept
24 open until December 1 in order that written statements may be
25 filed which will become a part of the record.

dearnley-meier reporting service, inc.

1 MR. NUTTER: Are there any other statements?

2 MR. LYON: I would like to make a statement, please.

3 V. T. Lyon, Continental Oil Company. As you can tell from the
4 questions that I have asked, our principal concern is the
5 amount of additional administrative burden which might be
6 placed on us under these rules, and we would just like to
7 recommend that the Commission provide as much flexibility as
8 possible to continue operations as they presently are without
9 filing a lot of paperwork and this sort of thing where there
10 really is no advantage to changing the gas well connection.

11 MR. NUTTER: Is that it?

12 MR. LYON: Yes, that's it.

13 MR. NUTTER: Thank you.

14 MR. JENNINGS: I would like to make one observation
15 as the first on behalf of people for whom we have appeared we
16 certainly recommend the adoption of the rule as proposed at
17 the earliest possible date. We would hate to burden El Paso
18 with the obligation of having to change some of these contracts,
19 but I think that they can arrange it, and it wouldn't take too
20 long.

21 I see no point in modifying the rules. El Paso has
22 had ample opportunity to present testimony, and we haven't had
23 any opportunity to cross-examine the El Paso witness since he
24 didn't elect to be sworn.

25 MR. RAINEY: I will be happy to be sworn if you want

1 me to.

2 MR. JENNINGS: And I understand that this would have
3 to be done by application, but we would recommend that the
4 Commission, if it sees fit to better define casinghead gas, to
5 use this definition, "Casinghead gas shall mean any gas or vapor
6 or both gas and vapor indigenous to and produced from an oil
7 well."

8 This also includes gas cap gas produced from an oil
9 well.

10 MR. NUTTER: Now, the first part that you read was
11 in the rules. Then what you added was this --

12 MR. JENNINGS: No. This is in the definition of
13 casinghead gas.

14 MR. NUTTER: And what did you add there?

15 MR. RAINEY: He changed it from oil pool to oil well.

16 MR. JENNINGS: We dropped the word oil pool and put
17 oil well.

18 MR. NUTTER: Are there any other statements?

19 MR. AZBILL: Yes, sir. Luther Azbill with Skelly.

20 In general, we would concur with Mr. Rainey's proposal that he
21 just gave, and we also would request as much time as possible
22 before this did become effective because there are matters that
23 we do have to study and --

24 MR. NUTTER: Thank you, sir.

25 MR. AZBILL: And December 1 or a January 1 would be

dearnley-meier reporting services, inc.

1 too early.

2 MR. NUTTER: I see.

3 MR. UTZ: How would March 1 suit you?

4 MR. AZBILL: I would rather support his April 1
5 motion.

6 MR. NUTTER: That is an April Fool's Day. You can't
7 tell what will happen that day. Are there any other statements?

8 MR. HATCH: The Commission has received a telegram
9 from Amoco Production Company supporting the amendment of the
10 gas well definition. We won't read all of that into the record.
11 Perhaps you want to announce whether or not you would hold it
12 open for statements until December 1.

13 MR. NUTTER: This is November 10. We will take a
14 ten minute recess before the ruling on your motion, Mr. Rainey.

15 (Whereupon, recess was held.)

16 MR. NUTTER: The hearing will come to order, please.
17 I think we have disposed of everything on the docket with the
18 exception of a motion or two by Mr. Rainey.

19 MR. RAINEY: I will withdraw my motions for leave to
20 file written statement, but I do urge that the Commission
21 consider not making this order effective until April 1972.

22 MR. NUTTER: We will give due consideration to your
23 request for an extension of time before the order, if entered,
24 would be effective.

25 Also, I believe, Mr. Rainey, that inasmuch as we have

1 advertised this case and given the definition in the
2 advertisement that we would be bound to enter an order if we
3 entered one that would be substantially the same as was
4 advertised, and I believe that your proposed amendment as
5 substantial definition from the advertisement so we would have
6 to eliminate consideration of that definition also.

7 MR. RAINEY: Just trying to clarify.

8 MR. NUTTER: With that, I believe we can take the
9 case under advisement and the hearing is adjourned.
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I N D E X

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E X H I B I T S

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1 STATE OF NEW MEXICO)
2)
3 COUNTY OF BERNALILLO)

4 I, LINDA MALONE, Court Reporter, do hereby certify that
5 the foregoing and attached Transcript of Hearing before the
6 New Mexico Oil Conservation Commission was reported by me;
7 that the same is a true and correct record of the said
8 proceedings, to the best of my knowledge, skill and ability.
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Linda Malone
Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner Hearing of Case No. 462-7
heard by me on Nov 10 1971.

[Signature]
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

November 10, 1971

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. James T. Jennings
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

Re: Case No. 4623
Order No. R-4226
Applicant: OCC

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	<u>x</u>
Aztec OCC	<u>x</u>

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION
TO CONSIDER THE AMENDMENT OF
THE DEFINITION OF A GAS WELL.

CASE NO. 4623
Order No. R-4226

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 10, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of November, 1971, 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 the gas well definition contained in Section "A" of the New Mexico Oil Conservation Rules and Regulations entitled "DEFINITIONS" does not recognize the existence of gas wells in oil pools.
- (3) That wells that have a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil are in fact gas wells even though located in pools classified as oil pools.
- (4) That the existence of gas wells in oil pools should be recognized by the Commission.
- (5) That the definition of a gas well should be amended to recognize the principle that gas wells do occur in oil pools.
- (6) That a reasonable definition of a gas well in an oil pool would include a well that has a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

-2-

CASE NO. 4623

Order No. R-4226

(7) That the definition of a gas well as it appears in Section "A" of the Commission Rules and Regulations should be amended to read in its entirety as follows:

"Gas well shall mean a well producing gas or natural gas from a gas pool, or a well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil producing from an oil pool."

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1972, the definition of a gas well as it appears in Section "A" of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"Gas well shall mean a well producing gas or natural gas from a gas pool, or a well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil producing from an oil pool."

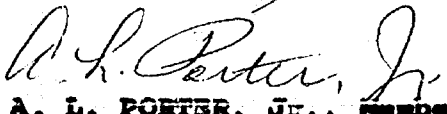
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARRIJO, Member


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


S E A L

dr/

MISSISSIPPI

"Gas well" shall mean any well the production from which is predominantly gas or condensate, or both.

N. DAK.

Gas well shall mean a well producing gas or natural gas from a common source of gas supply as determined by the Commission.

TEXAS

The term "gas well" is any well (a) which produces natural gas not associated or blended with crude petroleum oil at the time of production, or (b) which produces more than one hundred thousand (100,000) cubic feet of natural gas to each barrel of crude petroleum oil from the same producing horizon, or (c) which produces natural gas from a formation or producing horizon productive of gas only encountered in a well bore through which crude petroleum oil is produced through the inside of another string of casing.

NEBR.

GAS WELL shall mean a well, the principal production of which at the well head is gas as defined by the Act and is not an oil well as defined above.

100 100 000

UTAH none
none
Louisiana - don't have their law

ARIZONA GAS WELL means any well which produces with a gas oil ratio in excess of 50,000 cubic feet of gas per barrel of oil, or any well classed as a gas well by the Commission.

MONTANA "Gas well" shall mean (a) a well which produces natural gas only; (b) any well capable of producing gas in commercial quantities and also producing oil from the same common source of supply but not in commercial quantities; or (c) any well classed as a gas well by the Commission for any reason.

COLORADO GAS WELL shall mean a well, the principal production of which at the month of the well is gas, as defined by the Act.

WYOMING GAS WELL shall mean a well the principal production of which, at the month of the well, is gas, as defined by the Wyoming Conservation Law.

KANSAS Gas Well shall mean (1) a well which produces natural gas only in commercial quantities; (2) that part of a well wherein the gas producing stratum has been successfully cased off from the oil, the gas being produced through a Braden-head and the oil through an inner string of casing or tubing, or (3) any well capable of producing gas in commercial quantities and also producing oil from the same common source of supply but not in commercial quantities.

western union

Telegram

KA059 NSG318

NOV 10 1971

1971 NOV 10 AM 8 42

NS HSD250 GE PDB-WUX HS-~~NEW~~HOUSTON TEX 9 334P CST=
NEW MEXICO OIL CONSERVATION COMMISSION=
STATELAND OFFICE BLDG SANTA FE NMEX=

ATTENTION MR. A. L. PORTER, JR., SECRETARY-DIRECTOR=
RE EXAMINER HEARING NOVEMBER 10, 1971.=

CASE 4625 ON THE DOCKET OF THE SUBJECT HEARING HAS BEEN
CALLED TO CONSIDER AN AMENDMENT OF THE OIL CONSERVATION
COMMISSION DEFINITION OF A GAS WELL TO EXPAND THAT
DEFINITION TO INCLUDE A WELL PRODUCING FROM AN OIL POOL
WITH A GAS-OIL RATION IN EXCESS OF 100,000 CUBIC FEET OF
GAS PER BARREL OF OIL.=



Telegram

AMOCO PRODUCTION COMPANY SUPPORTS AMENDMENT OF THE
GAS WELL DEFINITION IN THAT MANNER
D L RAY DIVISION ENGINEER AMOCO PRODUCTION CO.

10 1971 4623 100,000# (524) net

CASE 4563: Continued from the October 27, 1971, Examiner Hearing

*Cont to
Dec 1*

Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

*Cont to
Jan 5*

CASE 4621: Application of Jack L. McClellan for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his Bar-J Federal Well No. 1 located in Unit E of Section 15, Township 6 South, Range 27 East, Chaves County, New Mexico, in such a manner as to produce oil from an undesignated Siluro-Devonian pool through tubing and gas from the Haystack-Cisco Gas Pool through the casing-tubing annulus.

*Clarence
Hinkle
John Casco*

CASE 4622: Application of Jake L. Hamon for a non-standard unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil proration unit comprising the NE/4 SE/4 and SE/4 NE/4 of Section 30, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 1830 feet from the South line and 660 feet from the East line of said section 30.

Mike Hendrix, Wolfson Wilbanks
CASE 4623: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment of the definition of a gas well as it appears in its Rules and Regulations to read as follows:

*Jennings
DH. Ramsey, E.P.
Lyon
Con H*

"Gas well shall mean a well producing gas or natural gas from a gas pool or a well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil producing from an oil pool."

*And shall be specific, as for
as a casinghead gas well.
FP suggestion also 4-1-72 (also ROP record) (agent 10-12-71 for written statement)*

Docket No. 24-71

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 10, 1971

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:

*Booker Kelley
L. S. Palmer
Petr. Eng. P.
miller*
CASE 4617: Application of Tenneco Oil Company for a unit agreement, Lea
County, New Mexico. Applicant, in the above-styled cause,
seeks approval of a unit area comprising 520 acres, more or
less, of Federal lands in Section 3, Township 19 South,
Range 32 East, Lusk-Seven Rivers Pool, Lea County, New
Mexico.

*cons w/
4617*
CASE 4618: Application of Tenneco Oil Company for a waterflood project,
Lea County, New Mexico. Applicant, in the above-styled
cause, seeks authority to institute a waterflood project
in the Lusk-Seven Rivers Pool by the injection of water
through one well located in the SE/4 NW/4 of Section 3,
Township 19 South, Range 32 East, Lea County, New Mexico.

*cont to
Dec 1*
CASE 4619: Application of Corinne Grace for compulsory pooling, Eddy
County, New Mexico. Applicant, in the above-styled cause,
seeks an order pooling all mineral interests from the
surface of the ground down to and including the Morrow
formation underlying the N/2 of Section 25, Township 22
South, Range 26 East, which acreage is within one mile of
the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
Said acreage to be dedicated to a well to be drilled to the
Morrow formation at a location 1980 feet from the North
and East lines of said Section 25. Also to be considered
will be the costs of drilling said well, a charge for the
risk involved, a provision for the allocation of actual
operating costs, and the establishment of charges of super-
vision of said well.

*Cont to
Dec 1*
CASE 4620: Application of Corinne Grace for compulsory pooling, Eddy
County, New Mexico. Applicant, in the above-styled cause,
seeks an order pooling all mineral interests from the
surface of the ground down to and including the Morrow
formation underlying the N/2 of Section 24, Township 22
South, Range 26 East, which acreage is in the vicinity of
the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
Said acreage to be dedicated to a well to be drilled to
the Morrow formation at a location 1980 feet from the North
and East lines of said Section 24. Also to be considered
will be the costs of drilling said well, a charge for the
risk involved, a provision for the allocation of actual
operating costs, and the establishment of charges for super-
vision of said well.

CASE 4563: Continued from the October 27, 1971, Examiner Hearing

Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

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CASE 4622: Application of Jake L. Hamon for a non-standard unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil proration unit comprising the NE/4 SE/4 and SE/4 NE/4 of Section 30, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 1830 feet from the South line and 660 feet from the East line of said Section 30.

CASE 4623: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment of the definition of a gas well as it appears in its Rules and Regulations to read as follows:

"Gas well shall mean a well producing gas or natural gas from a gas pool or a well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil producing from an oil pool."

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 10, 1971

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

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CASE 4619: Application of Corinne Grace for compulsory pooling, Eddy
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formation underlying the N/2 of Section 25, Township 22
South, Range 26 East, which acreage is within one mile of
the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
Said acreage to be dedicated to a well to be drilled to the
Morrow formation at a location 1980 feet from the North
and East lines of said Section 25. Also to be considered
will be the costs of drilling said well, a charge for the
risk involved, a provision for the allocation of actual
operating costs, and the establishment of charges of super-
vision of said well.

CASE 4620: Application of Corinne Grace for compulsory pooling, Eddy
County, New Mexico. Applicant, in the above-styled cause,
seeks an order pooling all mineral interests from the
surface of the ground down to and including the Morrow
formation underlying the N/2 of Section 24, Township 22
South, Range 26 East, which acreage is in the vicinity of
the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
Said acreage to be dedicated to a well to be drilled to
the Morrow formation at a location 1980 feet from the North
and East lines of said Section 24. Also to be considered
will be the costs of drilling said well, a charge for the
risk involved, a provision for the allocation of actual
operating costs, and the establishment of charges for super-
vision of said well.

DRAFT - November 5, 1971

Statement of El Paso Natural Gas Company in Case No. 4623 before
the Oil Commission of the State of New Mexico.

El Paso Natural Gas Company is the largest purchaser of New Mexico produced gas and is itself a major producer of gas in New Mexico. El Paso supports the proposal of the New Mexico Oil Conservation Commission to more precisely define a gas well in its rules and regulations. El Paso commends the Commission for its efforts in this regard.

El Paso suggests that the amended definition should read as follows:

Gas well shall mean: A) a well producing gas or natural gas from a gas pool or; B) a well with a gas/oil ratio in excess of 100,000 cubic feet of gas per barrel of oil producing from an oil pool. *and shall be specifically defined as a casinghead gas well*

El Paso believes that the more precise definition of a gas well will relieve the Commission of the necessity of exercising its discretion in classifying pools in the very early stages of development as to whether or not it is a gas pool or an oil pool and will strengthen the statewide rules and regulations in this regard. It is also their opinion that this will in no way violate correlative rights and will aid in preventing waste by insuring that wells are produced with a minimum of flaring from high ratio wells in newly discovered pools.

NEW MEXICO OIL COMPANY

NEW MEXICO OIL CONSERVATION COMMISSION
 BOX 2083 SANTA FE, NEW MEXICO
 OPERATOR'S MONTHLY REPORT

SEP 1971

Page 1

WELL NO. UNIT SEC. TWP. RNO.

POOL NAME (UNDERLINE)

LEASE DATE AND STATE & RELEASE NUMBER OR FEDERAL LEASE NUMBER

TOTAL LIQUIDS PRODUCED

MONTHLY OIL ACTUAL BARRELS PRODUCED
 MONTHLY GAS PRODUCED MCF

GOOD DAYS

DISPOSITION OF GAS

VENTED USED ON LEASE SOLD PURCH. OTHER

DISPOSITION OF OIL

OIL ON HAND BEG. OF MONTH OIL ON HAND END OF MONTH

Allison Penn. - Roosevelt

Las Cruces "B" - NMD3431

1 D 30 8 37

2 3 30 8 37

3 H 30 8 37

4 F 30 8 37

Lease Total

P

F

F

P

5190

2656

0

7301

26

3148

30

5840

30

2120

30

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0

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PURCHASER'S AND OPERATOR'S MONTHLY REPORT

El Paso Natural Gas Company

(From Station Company)

P. O. Box 1492, El Paso, Texas 79999

(Address)

A 12, 1971

(Date)

WELL CODE	LOCATION					WELL NAME	GAS PRODUCED MCF	DAYS PROD.	OIL ALLOWABLE	ACTUAL BARRELS PRODUCED	BARRELS OF WATER PRODUCED	DISPOSITION OF GAS			BEGINNING NET ALLOWABLE
	T	U	S	T	R							SOLD MCF	PURCHASED MCF	OTHER MCF	
8790121	23	25	047			CARLSON FLD #3	2294	27				2294	EP		
8790122	23	25	047			CARLSON FLD A #2	7074	27				7074	EP		
8790123	23	25	047			JUN 1971	207	14				207			
8790124	23	25	047			MAY 1971	0								
8790125	23	25	047			GREGORY FEDERAL A #2	21452	22				21452	EP		
8790126	23	25	047			LAMARCO A #2	21	15				21	EP		
8790127	23	25	047			LAMARCO FLD #1	4620	15				4620	EP		
8790128	23	25	047			OPR TOTAL	35451					35451			

OIL WELLS IN SOUTHEAST NEW MEXICO WHICH HAVE
MORE THAN 100 Mcf G.O.R.

<u>POOL</u>	No. Wells above 100 M-GOR	Pool GOR Limit MCF	Volume Gas Allow. MCF
Langlie Mattix	63	10	47,250
Monument	35	3	7,875
Allison	7	2	5,010
Anderson Ranch	1	2	1,200
Brunson-Ellenburger	4	2	1,400
Cato	1	2	150
Corbin-Queen	1	2	150
Drinkard	18	6	15,064
Eumont-Yates S.R.	1	10	750
Eunice - Gr. S.A.	8	6	3,600
So. Eunice - 7 R - Q	8	10	6,000
Fowler-Upper Yates	1	6	1,050
Justis-Blinebry	1	6	600
Milnesand S.A.	2	2	300
Moore-Permo Penn.	1	2	566
Paddock	1	2	200
Penrose Skelly-Grayb.	10	10	7,500
Praire-Cisco	1	2	716
N. San Simon-Yates	1	10	750
Terry-Blinebry	1	6	600
Tubb-Oil	1	2	266
Vacuum-WC	1	2	716
Wantz Abo	1	2	350
Wilson	5	2	750
E. Weir-Blinebry	1	2	300
Lusk-Strawn	1	4	2,604
E. Red Lake-Q-Grayb.	4	2	600
Red Lake-Q-Gr.-S.A.	1	2	150
TOTALS	181		106,467

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

① C.C. EXHIBIT NO. 1

CASE NO. 4623

DRAFT

GMH/gr

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. 4623

Order No. R- 4226

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION
TO CONSIDER THE AMENDMENT OF
THE DEFINITION OF A GAS WELL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 10, 1971,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of December, 1971, 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 the ^{gas well} definition ~~of a gas well~~ contained in
Section "A" of the New Mexico Oil Conservation Rules and Regula-
tions entitled "DEFINITIONS" does not recognize the existence of
gas wells in oil pools.

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CASE NO. 4623
Order No. R-

(3) That wells that have a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil are in fact gas wells even though located in pools classified as oil pools.

(4) That the existence of gas wells in oil pools should be recognized by the Commission.

(5) That the definition of a gas well should be amended to recognize the principle that gas wells do occur in oil pools.

(6) That a reasonable definition of a gas well in an oil pool would include a well that has a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

(7) That the definition of a gas well as it appears in Section "A" of the Commission Rules and Regulations should be amended to read in its entirety as follows:

"Gas well shall mean a well producing gas or natural gas from a gas pool, or a well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil producing from an oil pool."

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1972, the definition of a gas well as it appears in Section "A" of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"Gas well shall mean a well producing gas or natural gas from a gas pool, or a well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil producing from an oil pool."

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CASE NO. 4623

Order No. R-

(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 this day and year hereinabove designated.