

1930: MOTION OF OCT. 20, 1930  
IN THE NEW YORK COURTS  
OF CHANCERY NOS. E-127-2 & E-1793-2

CASE No.

4810

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Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
September 13, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of the Oil Conservation  
Commission on its own motion to  
consider the revision of the special  
rules for the Devils Fork Gallup Associated  
Pool and the Escrito Gallup Associated  
Pool, Rio Arriba and San Juan Counties,  
New Mexico.

CASE NO. 4810

BEFORE: Daniel S. Nutter  
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

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1 MR. HATCH: In the matter of the application of  
2 the Oil Conservation Commission on its own motion to  
3 consider the revision of the special rules for the Devils  
4 Fork Gallup Associated Pool and the Escrito Gallup  
5 Associated Pool, Rio Arriba and San Juan Counties, New  
6 Mexico, promulgated by Orders Nos. R-1670-B and R-1793-A,  
7 respectively, to permit taking of gas-oil ratio and bottom-  
8 hole pressure tests on an annual basis rather than quarterly  
9 and semi-annually, as is now required.

10 I would like for the record to show that Mr. Utz  
11 has been sworn and he will be the Commission's witness in  
12 this Case.

13 ELVIS A. UTZ,  
14 was called as a witness and having been already duly sworn,  
15 testified as follows:

16 DIRECT EXAMINATION

17 BY MR. HATCH:

18 Q Would you like to state your name and position, again,  
19 for the record?

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

22 Q And are you familiar with Case 4810 and what it  
23 proposes?

24 A Yes, I am.

25 Q And do you, among your duties, make recommendations to

1 the Commission concerning the revision of Rules  
2 concerning gas pools?

3 A Yes, this comes under my jurisdiction as being  
4 supervisor of the gas department.

5 Q Would you explain to the Examiner what you are  
6 proposing in Case 4810 and your reasons for it?

7 A Both of these pools, the Devils Fork and the Escrito  
8 Pools are well underway to becoming associated pools,  
9 the Devils Fork being a volumetric associated pool.  
10 That would have cause for lengthening the gas-oil  
11 periods. The recent order of the Commission to make  
12 one-year proration periods, of course, is the other  
13 cause for only requiring shut in pressure tests on an  
14 annual basis in the Devils Fork Pool. And in accordance  
15 with this, I would offer an Exhibit which simply shows  
16 Rule 27 and Rule 28 of R-1670-B. Rule 27 has to do  
17 with gas-oil ratio tests in the Devils Fork Gallup  
18 Associated Pool. The oil rule requires that tests  
19 be made in January, April, July and October of each  
20 year. I would recommend that these tests be taken in  
21 November of each year on an annual basis and I would  
22 further recommend that -- well, do you want me to read  
23 my recommendations as worded in the rule?

24 MR. NUTTER: Well, I think if you just --  
25 November is what you are proposing, is that correct?

1 A That's correct. The reason for this is that  
2 proration records now begin in January, rather than  
3 February. We did require previously the tests be  
4 taken in December.

5 Q Excuse me, is that only for Rule 27 or is that for  
6 Rule 27 and 28?

7 A That would be both. Rule 28, I was coming into, which  
8 is the average ratio pressure shall be determined by  
9 tests taken on individual wells. These are bottom-  
10 hole pressure tests and these were required during  
11 the months, semi-annually during the months of April  
12 and October. And the first test was required during  
13 December. I think that the first part of the sentence  
14 in Rule 28 probably should be deleted, at least in the  
15 most part. But in essence, I recommend that these  
16 tests be taken only in the month of November on an  
17 annual basis and I think that will be all the  
18 recommendation I would have as far as the change in  
19 Rule 28 is concerned.

20 Now, that concludes my recommendation for the  
21 Devils Fork Pool. Escrito Pool requires, by virtue  
22 of Rule 9 of R-1793-A, that the gas liquid test be  
23 taken in January, April, July and August. This is  
24 on a quarterly basis, and I recommend that these tests  
25 be taken only on an annual basis during the month of

dearnley, meier & mc cormick

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1 November and, of course, recorded the 10th of the  
2 following month of December.  
3 Q That's the only change to be made in R-1793-A?  
4 A That's correct.  
5 Q Do you have anything further to add to your testimony?  
6 A I have nothing further.  
7 MR. NUTTER: Does anyone have any questions of  
8 the witness?  
9 (No response.)  
10 MR. NUTTER: You may be excused.  
11 (Witness excused.)  
12 MR. NUTTER: Does anyone have anything to offer  
13 in Case 4810?  
14 (No response.)  
15 MR. NUTTER: We will take the Case under  
16 advisement and call Case Number 4577, reopened.  
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dearnley, meier & mc cormick report the secretary

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STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, JOHN DE LA ROSA, a 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.

*John De La Rosa*  
COURT REPORTER

*Heater* 9/13 4810 72  
NEW MEXICO OIL CONSERVATION COMMISSION



dearnley, meier & mc cormick  
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I N D E X

WITNESS:

PAGE

ELVIS A. UTZ

Direct Examination by Mr. Hatch

3

E X H I B I T S

COMMISSION'S

Exhibit Number 1

4

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. 4810  
Order No. R-4404

IN THE MATTER OF THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION ON ITS OWN MOTION  
TO CONSIDER THE REVISION OF THE SPECIAL  
RULES FOR THE DEVILS FORK GALLUP ASSOCIATED  
POOL AND THE ESCRITO GALLUP ASSOCIATED POOL,  
RIO ARriba AND SAN JUAN COUNTIES, NEW MEXICO,  
PROMULGATED BY ORDERS NOS. R-1670-B AND  
R-1793-A, RESPECTIVELY, TO PERMIT TAKING  
OF GAS-OIL RATIO AND BOTTOM-HOLE PRESSURE  
TESTS ON AN ANNUAL BASIS RATHER THAN QUARTERLY  
AND SEMI-ANNUALLY, AS IS NOW REQUIRED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 13,  
1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of September, 1972, 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 Rules 27 and 28 of the Special Rules and Regula-  
tions for the Devils Fork-Gallup Pool, Rio Arriba County, New  
Mexico, promulgated by Order No. R-1670-B, as amended, require,  
respectively, the taking of gas-liquid ratio tests on a quarterly  
basis and bottom-hole pressure tests on a semi-annual basis.

(3) That Rule 9 of the Special Rules and Regulations for  
the Escrito-Gallup Oil Pool, Rio Arriba and San Juan Counties,  
New Mexico, promulgated by Order No. R-1793-A, requires the  
taking of gas-liquid ratio tests quarterly.

(4) That due to the state of depletion of the above-  
described pools, semi-annual and quarterly tests are no longer

Mailed to Hobbs and Aztec OCC & one for Nina

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CASE NO. 4810  
Order No. R-4404

(5) That in order to lessen the administrative burden upon operators and the Commission, the Special Rules and Regulations for the Devils Fork-Gallup and Escrito-Gallup Pools should be amended to permit the taking of gas-liquid ratio and bottom-hole pressure tests on an annual basis.

(6) That the above-described amendments will neither cause waste nor violate correlative rights.

IT IS THEREFORE ORDERED:

(1) That Rule 27 and Rule 28 of the Special Rules and Regulations for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, promulgated by Order No. R-1670-B, as amended, are hereby amended to read in their entirety as follows:

"Special Rule 27. Gas-liquid ratio tests shall be taken on all wells in the Devils Fork-Gallup Pool and on all wells producing from the Gallup formation within one mile of the boundaries of the Devils Fork-Gallup Pool which are not within another designated Gallup pool during the month of November of each year. The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio test, each operator shall file with the Aztec District Office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators."

"Special Rule 28. The average reservoir pressure shall be determined during November of each year after the well has been shut-in for a minimum of 3 days. Pressures shall be calculated to a common datum, which shall be the approximate depth of the gas-oil contact (1025 feet above sea level). The pressure on individual wells shall be determined in the following manner:

- (1) Subsurface pressure tests shall be taken on all wells, gas and oil, in accordance with the procedure outlined in Statewide Rule 302, except with respect to shut-in time and datum as provided above. Pressures of pumping oil wells may be calculated from sonic fluid level determinations.

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CASE NO. 4810  
Order No. R-4404

- (2) Information obtained on these tests shall be reported on Form C-124 in accordance with the provisions of Statewide Rules 302 and 1123, and the Commission shall use the arithmetic average of the pressures so reported for the pressure, Pres, in the calculations as provided in Special Rule 13(a)."

- (2) That Rule 9 of the Special Rules and Regulations for the Escrito-Gallup Pool, Rio Arriba and San Juan Counties, New Mexico, promulgated by Order No. R-1793-A, is hereby amended to read in its entirety as follows:

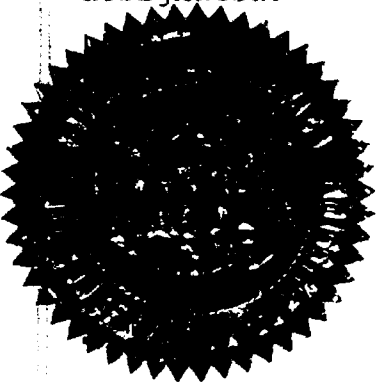
RULE 9. Gas-liquid ratio tests shall be taken on all wells in the Escrito-Gallup Oil Pool, and on all wells producing from the Gallup formation within one mile of the boundaries of the Escrito-Gallup Oil Pool which are not within another designated Gallup oil pool, during the month of November of each year. The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Aztec Office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators."

- (3) 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

  
BRUCE KING, Chairman

ALEX J. ARILLO, Member

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

dr/

# Memo

From  
D. S. NUTTER  
CHIEF ENGINEER

To

~~Est~~ Escrito Dp

R-1793-A Race 9

Jan Apr July Oct. GOR

Devils Fork R-1670-B

Race 27 GOR

Jan Apr July Oct.

Race 28 BHP

Apr Oct.

PETROLEUM CONSULTANTS, Inc. — CONSULTING GEOLOGISTS

268-5500 AREA CODE 505

1420 CARLISLE BLVD., N.E.

ALBUQUERQUE, NEW MEXICO 87110

July 21, 1972

*Case 4810*

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention: Daniel S. Nutter

Gentlemen:

As operator and working interest owner in a number of wells in the Escrito-Gallup Pool and the Devils Fork Gallup-Pool and having participated actively in the establishment of the special rules and regulations covering these pools, Petroleum Consultants, Inc. would like to request that the Commission consider in Case 4776 the abolishment of the provisions requiring quarterly gas-oil ratios to be taken in these fields and semi-annual bottom hole pressures to be taken in the Devils Fork field.

We find that the ratio between gas produced and oil produced on a monthly basis is much more useful from an engineering standpoint than is a 24-hour interval regardless of how carefully such 24-hour test is taken. Extra cost is incurred in having the 24-hour test interval integrated separately. Due to mechanical troubles with compressors there is the necessity of re-scheduling several times in order to get a proper test.

The three wells which Petroleum Consultants owns a working interest in in the Devils Fork Pool are all on intermitters with pistons. Shutting these wells down to take the bottom hole tests disrupts the time cycle on which these wells are produced and causes numerous adjustments to be necessary prior

DOCKET MARKED

*8-31-72*  
Date

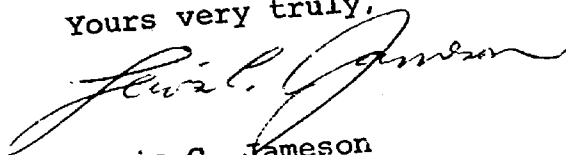


New Mexico Oil Conservation Commission  
July 21, 1972  
Page No. 2

to reaching the productive level the well had before being shut-in. At times we have been unable to get the pressure bomb to the bottom due to paraffin and have had to cut paraffin and then have the test equipment make a special trip to obtain the pressure test. The level of production on the Devils Fork field will no longer support these extra costs.

It is our recommendation that the gas-oil ratios be required annually on both the Escrito and Devils Fork Pools. We believe that elimination of the bottom hole pressure requirement on the Devils Fork field will prevent unnecessary waste and prevent early abandonment of the wells.

Yours very truly,



Lewis C. Jameson  
President  
LCJ:hk

RECEIVED  
JUL 24 1972  
NEW MEXICO OIL CONSERVATION COMMISSION

60 60 70

Robby  
Bell

Form C-121  
Rev. 9-1-72

extra

25 credit  
Devils Fork  
Lybrook

delete quarterly  
tests from  
spec tests &  
put in annual GOR's &  
annual tests in Devils Fork

42 for 40-acre pools or 84 for 80-acre pools  
in Southeast New Mexico or 70 for 40-acre  
pools or 140 for 80-acre pools in Northwest  
New Mexico.



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. 2089  
Order No. R-1793-A  
NOMENCLATURE

APPLICATION OF VAL R. REESE AND  
ASSOCIATES, PAN AMERICAN PETROLEUM  
CORPORATION, EL PASO NATURAL GAS  
COMPANY AND REDFERN AND HERD FOR A  
HEARING DE NOVO IN CASE NO. 2089  
RELATING TO A REQUEST FOR SPECIAL  
RULES AND REGULATIONS GOVERNING  
THE ESCRITO-GALLUP OIL POOL,  
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
November 16, 1960, at Santa Fe, New Mexico, before the Oil Conser-  
vation Commission of New Mexico, hereinafter referred to as the  
"Commission."

NOW, on this 8th day of December, 1960, the Commission,  
a quorum being present, having considered the testimony presented  
and the exhibits received at said hearing, 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 while the Escrito-Gallup Pool is presently classi-  
fied as an oil pool, the evidence presented indicates that it is  
an associated oil-gas reservoir.

(3) That the applicants propose that certain special rules  
and regulations for the Escrito-Gallup Oil Pool be established,  
whereby a well in said pool would be classified as an oil well  
unless it produces with a gas-oil ratio of 30,000 or more cubic  
feet of gas per barrel of liquid hydrocarbons, in which event it  
would be classified as a gas well. Applicants further propose  
that 80-acre proration units be established for oil wells in the  
pool and that 320-acre proration units be established for gas  
wells in the pool, with a limiting gas-oil ratio for oil wells  
of 2000 to 1.

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CASE No. 2089  
Order No. R-1793-A  
NOMENCLATURE

(4) That the evidence indicates that the gas area in the Escrito-Gallup Oil Pool can be efficiently and economically drained and developed on 320-acre proration units, and it further indicates that the oil area in the pool can be efficiently and economically drained and developed on 80-acre proration units.

(5) That while certain wells adjacent to both the Escrito-Gallup Oil Pool and the Devils Fork-Gallup Pool are perforated in two Gallup "pays" which are in communication with each other, the gas production from the upper pay, if any, is relatively insignificant and thus the wells should be classified as Escrito gas wells.

(6) That accordingly, the Escrito-Gallup Oil Pool should be extended to include the NW/4 and S/2 of Section 25, the N/2 of Section 26, the NE/4, N/2 SE/4, and SE/4 SE/4 of Section 27 all in Township 24 North, Range 7 West, and the S/2 of Section 30, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. R-1793 be and the same is hereby superseded, effective December 1, 1960.

(2) That Special Rules and Regulations for the Escrito-Gallup Oil Pool be and the same are hereby promulgated as hereinafter set forth, effective December 1, 1960.

(3) That all operators shall file new acreage dedication plats (Commission Form C-128) with the Aztec District Office of the Commission prior to December 31, 1960.

SPECIAL RULES AND REGULATIONS FOR THE  
ESCRITO-GALLUP OIL POOL

RULE 1. Each well completed or recompleted in the Gallup formation within the boundary of the Escrito-Gallup Oil Pool or within one mile thereof, and not nearer to nor within the boundaries of another designated Gallup pool, shall be drilled, spaced, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a). Each gas well completed or recompleted in the Escrito-Gallup Oil Pool shall be located on a tract consisting of approximately 320 acres which may reasonably be presumed to be productive of gas from said pool, and which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these Rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard gas unit. Nothing contained herein shall be

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CASE No. 2089

Order No. R-1793-A

NOMENCLATURE

construed as prohibiting the drilling of a gas well on each quarter section in the 320-acre unit.

RULE 2. (b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit consists of contiguous quarter-quarter sections or lots.
- (2) The non-standard unit consists of not more than 324 acres and lies wholly within a single governmental section.
- (3) The entire non-standard unit may reasonably be presumed to be productive of gas from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators, and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.
- (5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

RULE 2. (c) The District Supervisor shall have authority to approve non-standard gas proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of less than 316 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

RULE 2. (d) The allowable assigned to any such non-standard gas proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 320 acres.

RULE 3. (a) Each oil well completed or recompleted in the Escrito-Gallup Oil Pool shall be located on a unit containing approximately 80 acres, which may reasonably be presumed to be productive of oil from said pool, and which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section. For purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit.

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CASE No. 2089  
Order No. R-1793-A  
NOMENCLATURE

Nothing contained herein shall be construed as prohibiting the drilling of an oil well on each of the quarter-quarter sections in the 80-acre unit.

RULE 3. (b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 3(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit is to consist of a single quarter-quarter section or lot.

(2) The non-standard unit consists of not more than 81 acres.

(3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no operator has entered an objection to the formation of such non-standard unit.

RULE 3. (c) The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two contiguous quarter-quarter sections or lots comprising less than 79 acres lying within a single governmental quarter section and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

RULE 3. (d) The allowable assigned to any such non-standard oil proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 80 acres.

RULE 4. (a) Each well, oil or gas, completed or recompleted in the Escrito-Gallup Oil Pool shall be located no nearer than 790 feet to any quarter section line and each such well shall be located no nearer than 330 feet to a governmental quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Escrito-Gallup Pool prior to the effective date of this Order at a location conforming to the well

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CASE No. 2089  
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NOMENCLATURE

location requirements in effect at the time the well was drilled shall be considered to be located in conformance with this Rule.

RULE 4. (b) The Secretary-Director shall have authority to grant an exception to Rule 4(a) without notice and hearing when the application has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception. However, such an unorthodox location, if approved, may necessitate an allowable adjustment.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located, a copy of the application to the Commission, and the applicant shall include with his application a list of the names and addresses of all such operators together with a stipulation that proper notice has been given said operators at the addresses listed. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and only in the absence of objection from an offset operator may such application be approved.

RULE 5. A well in the Escrito-Gallup Oil Pool shall be classified as a gas well if it has a gas-liquid ratio of 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more. A well in said pool shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to both an oil well and a gas well is strictly prohibited.

RULE 6. The gas-liquid ratio limitation for the Escrito-Gallup Oil Pool shall be 2,000 cubic feet of gas per barrel of liquid hydrocarbons produced.

RULE 7. Any oil well in the Escrito-Gallup Oil Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2,000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Escrito-Gallup Oil Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by 2,000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

RULE 8. The operator of each newly completed well in the

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CASE No. 2089  
Order No. R-1793-A  
NOMENCLATURE

Escrito-Gallup Oil Pool shall cause a gas-liquid ratio test to be taken on said well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Provided further, that any well which is shut-in shall be exempted from the aforesaid gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce. Any operator that desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying it. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests.

*Nov.* RULE 9. Gas-liquid ratio tests shall be taken on all wells in the Escrito-Gallup Oil Pool, and on all wells producing from the Gallup formation within one mile of the boundaries of the Escrito-Gallup Oil Pool which are not within another designated Gallup oil pool, during the months of January, April, July, and October of each year. The initial gas-liquid ratio test shall suffice as the first quarterly test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Aztec Office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken

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CASE No. 2089  
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NOMENCLATURE

on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed in the Escrito-Gallup Oil Pool after the effective date of this order shall receive an allowable only upon receipt by the Commission's Aztec Office of Commission Forms C-104, C-110, and C-116, all properly executed. The District Supervisor of the Commission's Aztec Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the Escrito-Gallup Oil Pool by 2,000.

RULE 12. The dates 7 o'clock a.m. February the first and 7 o'clock a.m. August the first shall be known as balancing dates, and the periods of time bounded by these dates shall be known as the gas proration periods for the Escrito-Gallup Oil Pool.

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

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RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut-in upon a showing after notice and hearing that complete shut-in of the well would result in material damage to the well and/or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the oil proration schedule.

RULE 20. Failure to comply with any provision of this Order or the Rules contained herein shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all Rules and Regulations have been complied with. The District Supervisor shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-128) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage have been filed.

IT IS FURTHER ORDERED:

That the Escrito-Gallup Oil Pool be and the same is hereby extended to include all of the acreage described in Finding No. 6 of this order.



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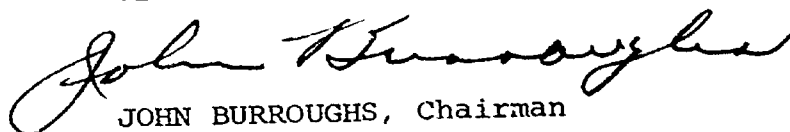
CASE No. 2089

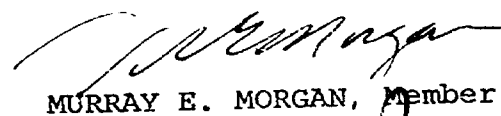
Order No. R-1793-A

NOMENCLATURE

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

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

S E A L

esr/

THOMAS A. DUGAN  
President  
Home 325-5694

**DUGAN PRODUCTION CORP.**  
709 Bloomfield Road  
Post Office Box 234  
FARMINGTON, NEW MEXICO  
87401  
Telephone 325-0238  
Area Code 505

JIM JACOBS  
Vice-President  
Home 325-8353

September 6, 1972

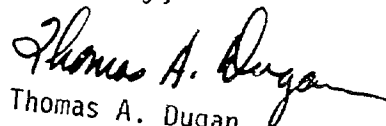
Mr. Elvis A. Utz  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Case 4810

Dear Mr. Utz:

We would like to recommend that the Commission approve Case 4810, to schedule bottom-hole pressure and gas-oil ratio tests only once a year. This would be a savings to the operators.

Sincerely,

  
Thomas A. Dugan

dw

Docket No. 20-72

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 13, 1972

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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1972, from seventeen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1972.

CASE 4808: Application of Skelly Oil Company for a waterflood expansion and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Grayburg-Jackson Skelly Unit Waterflood Project, Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water through its Unit Well No. 114 located in Unit D of Section 14, Township 17 South, Range 31 East. Said Well No. 114 to be completed as a dual completion in such a manner as to permit the production of oil from the Fran-Sevens Rivers Pool and the injection of water into the Grayburg-Jackson Pool.

CASE 4809: Application of Saturn Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Antebellum Unit Area comprising 3,840 acres, more or less, of State and Federal lands in Township 23 South, Range 34 East, Lea County, New Mexico.

CASE 4810: In the matter of the application of the Oil Conservation Commission on its own motion to consider the revision of the special rules for the Devils Fork Gallup Associated Pool and the Escrito Gallup Associated Pool, Rio Arriba and San Juan Counties, New Mexico, promulgated by Orders Nos. R-1670-B and R-1793-A, respectively, to permit taking of gas-oil ratio and bottom-hole pressure tests on an annual basis rather than quarterly and semi-annually, as is now required.

CASE 4747: (Continued from the July 26, 1972, Examiner Hearing)

Application of Union Texas Petroleum, a Division of Allied Chemical Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the base of the Devonian formation underlying the N/2 of Section 33, Township 25 South, Range 37 East, Crosby Field, Lea County, New Mexico. Said acreage to be dedicated to its well to be located 1650 feet from the North line and 2310 feet from the East line of said Section 33. 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 supervision of said well.

CASE 4577: (Reopened)

In the matter of Case 4577 being reopened pursuant to the provisions of Order No. R-4181, which order established special rules and regulations for the Parkway-Wolfcamp Pool, Eddy County, New Mexico, including a provision for 160-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre or 80-acre spacing units.

CASE 4811: Application of Atlantic Richfield Company for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard gas proration unit comprising the N/2 SE/4 and NE/4 SW/4 of Section 36, Township 21 South, Range 37 East, Blinbry Gas Pool, Lea County, New Mexico, to be dedicated to its State 367 Well No. 3 located in Unit K of said Section 36.

CASE 4812: Application of Midwest Oil Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 104, authority to drill a wildcat gas well to test the Morrow formation at an unorthodox location 1320 feet from the South and East lines of Section 1, Township 18 South, Range 28 East, Eddy County, New Mexico, with the S/2 of said Section 1 to be dedicated to the well.

CASE 4813: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sitting Bull Unit Area comprising 6,665 acres, more or less, of Federal lands in Sections 28, 29, 31, 32, and 33 of Township 23 South, Range 22 East, and Sections 4 through 9 of Township 24 South, Range 22 East, Eddy County, New Mexico.

CASE 4814: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Four Forks Unit Area comprising 3,133 acres, more or less, of Federal and Fee lands in Sections 3, 10, 11, 14 and 15 of Township 22 South, Range 25 East, Eddy County, New Mexico.

CASE 4815: Application of Inexco Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn gas pool for its well located 1980 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Eddy County, New Mexico. Applicant further seeks the promulgation of special rules therefor, including a provision for 640-acre spacing units.

CASE 4816: Application of Penroc Oil Corporation for a special gas-oil ratio limitation increase, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of the special rules and regulations for the Hobbs-Drinkard Pool promulgated by Order No. R-3811, as amended,

Examiner Hearing - Wednesday - September 13, 1972  
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(Case 4816 continued from Page 2)  
to establish a limiting gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil in said pool.

CASE 4817: Application of Phillips Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Drag "B" Well No. 1 located in Unit K of Section 18, Township 23 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce gas from the South Carlsbad-Morrow Gas Pool through tubing and an undersig-nated Canyon gas pool through the casing-tubing annulus.

CASE 4818: Application of Tipperary Land and Exploration Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the North Bagley-Pennsylvanian Pool by the injection of water into the Strawm and possibly other formations by the injection of water through its Bess Well No. 1 located 660 feet from the North line and 1980 feet from the East line of Section 20, Township 11 South, Range 33 East, Lea County, New Mexico.

CASE 4819: Application of D. L. Hannifin for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in and under the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the South 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 estab-lishment of charges for supervision of said well.

CASE 4820: Application of Anadarko Production Company for the creation of an associated pool, special rules therefor, downhole and surface com-mingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new associated pool for the production of oil and gas from the Yates and Seven Rivers formations for its Loco Hills Federal "B" Wells Nos. 1 and 8 located, respectively, in Units P and K of Section 9, Township 17 South, Range 30 East, Eddy County, New Mexico, and the promulgation of special rules therefor including provi-sions for the classification of oil and gas wells, oil and gas well spacing, and an unlimited gas-oil ratio.

Applicant further seeks authority to commingle in the well-bore of said Well No. 1 the Yates-Seven Rivers production from the newly created pool and the Grayburg-Jackson Pool and to commingle on the surface the Yates-Seven Rivers production from said Well No. 8 with production from the Grayburg-Jackson Pool.

CASE 4821: Application of Getty Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception

(Case 4821 continued from Page 3)

to Rule 303 of the Commission Rules and Regulations, authority to commingle production from the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Pennsylvanian Pools in the wellbore of its State "BA" Well No. 8 located in Unit B of Section 36, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 4822: Application of Getty Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its State "BA" Well No. 9 located 660 feet from the North line and 2310 feet from the East line of Section 36, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico. Said well being nearer than 660 feet to another well capable of producing from the same pool.

CASE 4823: Application of Getty Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its A. B. Coates "C" Well No. 28 located 1820 feet from the North and West lines of Section 24, Township 25 South, Range 37 East, Justis Blinebry Pool, Lea County, New Mexico. Said well being located nearer than 660 feet to another well capable of producing from the same pool.

CASE 4824: Application of Getty Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its H. D. McKinley Well No. 11 located 760 feet from the North line and 550 feet from the East line of Section 30, Township 18 South, Range 38 East, Hobbs Grayburg-San Andres Pool, Lea County, New Mexico. Said well being nearer than 660 feet to another well capable of producing from the same pool.

CASE 4825: Application of Hanagan Petroleum Corporation for dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Catclaw Draw Unit Well No. 3 located in Unit D of Section 36, Township 21 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Strawn gas pool through tubing and from the Catclaw Draw-Morrow Gas Pool through the casing-tubing annulus.

CASE 4826: Application of Hanagan Petroleum Corporation for pool creation, special pool rules, and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn gas pool for its well located 920 feet from the North and West lines of Section 36, Township 21 South, Range 25 East, Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 640-acre spacing units. Applicant further seeks approval of an unorthodox location for the above-described well.

CASE 4827: Application of Robert N. Enfield for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks

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Docket No. 20-72

(Case 4827 continued from Page 4)

authority to drill a gas well at an off-pattern unorthodox location 990 feet from the North and East lines of Section 11, Township 15 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, with the E/2 of said Section 11 to be dedicated to the well.

CASE 4828: Application of Inexco Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the dual completion of its McMinn State Well No. 1 located 1980 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from the Strawn formation and the Morrow formation adjacent to the Catclaw Draw-Morrow Gas Pool.

Escrito R-1793-A

Rule 9 liquid tests quarterly  
Jan Apr July Oct

Devils Fork R-1670-B

Rule 27  
gas liquid tests quarterly  
Jan Apr July Oct

Rule 28 bottom hole pressure  
semi monthly  
April & Oct.



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CASE No. 2049

Order No. R-1670-B

*Exhibit 3*  
*Case 4810*

**G. GENERAL**

**SPECIAL RULE 22.** No gas, either dry gas or casinghead gas, produced from the Devils Fork-Gallup Pool shall be flared or vented except as otherwise provided in these Special Rules and Regulations.

**RULE 23.** (General Rules applicable)

**SPECIAL RULE 24.** All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection or reconnection.

**H. MISCELLANEOUS SPECIAL POOL RULES**

**SPECIAL RULE 25.** A gas well in the Devils Fork-Gallup Pool shall be a well producing with a gas-liquid ratio of 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, or any well which produces liquid hydrocarbons with a gravity of 60° API or greater. An oil well in the Devils Fork-Gallup Pool shall be a well producing with a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons and which produces liquid hydrocarbons with a gravity of less than 60° API.

**SPECIAL RULE 26.** The operator of each newly completed well in the Devils Fork-Gallup Pool shall cause a gas-liquid ratio test to be taken on said well upon recovery of all load oil from the well, provided, however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 8(a) above. Provided, however, that any well which is shut-in shall be exempted from the aforesaid gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Special Rule 27 below. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, or the gravity of the liquid hydrocarbons is 60° API or greater, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce. Exceptions may be granted administratively by the Secretary-Director if the request sets forth facts and circumstances justifying such exception.

**SPECIAL RULE 27.** Gas-liquid ratio tests shall be taken on all wells in the Devils Fork-Gallup Pool and on all wells producing from the Gallup formation within one mile of the boundaries of the Devils Fork-Gallup Pool which are not within another designated Gallup pool during the months of January, April, July, and ~~October~~ of each year. The initial gas-liquid ratio test shall suffice as the first quarterly test. Tests shall be 24-hour tests,

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CASE No. 2049

Order No. R-1670-B

*Exhibit 1A*  
*Case 4810*

being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio test, each operator shall file with the Aztec District Office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

SPECIAL RULE 28. The average reservoir pressure shall be determined during ~~December, 1960, and thereafter during the months of April and October~~ each year after the well has been shut-in for a minimum of 3 days. Pressures shall be calculated to a common datum, which shall be the approximate depth of the gas-oil contact (1025 feet above sea level). The pressure on individual wells shall be determined in the following manner:

- (1) Subsurface pressure tests shall be taken on all flowing wells, gas and oil (pumping wells are exempted) in accordance with the procedure outlined in Statewide Rule 302, except with respect to shut-in time and datum as provided above.
- (2) Information obtained on these tests shall be reported on Form C-124 in accordance with the provisions of Statewide Rules 302 and 1123, and the Commission shall use the arithmetic average of the pressures so reported for the pressure, Pres', in the calculations as provided in Special Rule 13(a).

SPECIAL RULE 29. The gas-oil ratio limitation for the Devils Fork-Gallup Pool shall be 2000 cubic feet of gas per barrel of liquid hydrocarbons produced.

SPECIAL RULE 30. No acreage shall be simultaneously dedicated to an oil well and to a gas well in the Devils Fork-Gallup Pool.

SPECIAL RULE 31. The vertical limits of the Devils Fork-Gallup Pool shall be the Gallup formation.

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CASE No. 2089

Order No. R-1793-A

NOMENCLATURE

*Exhibit 1*  
*Case 4810*

Escrito-Gallup Oil pool shall cause a gas-liquid ratio test to be taken on said well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Provided further, that any well which is shut-in shall be exempted from the aforesaid gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce. Any operator that desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying it. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests.

RULE 9. Gas-liquid ratio tests shall be taken on all wells in the Escrito-Gallup Oil Pool, and on all wells producing from the Gallup formation within one mile of the boundaries of the Escrito-Gallup Oil Pool which are not within another designated Gallup oil pool, during the months of ~~January, April, July, and October~~ of each year. The initial gas-liquid ratio test shall suffice as the first ~~quarterly~~ test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Aztec Office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken

DRAFT

GMH/dr

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. 4810

Order No. R-~~4405~~  
R-4404

IN THE MATTER OF THE APPLICATION OF THE  
OIL CONSERVATION COMMISSION ON ITS OWN  
MOTION TO CONSIDER THE REVISION OF THE  
SPECIAL RULES FOR THE DEVILS FORK GALLUP  
ASSOCIATED POOL AND THE ESCRITO GALLUP ASSOCIATED  
POOL, RIO ARriba AND SAN JUAN COUNTIES, NEW MEXICO,  
PROMULGATED BY ORDERS NOS. R-1670-B and R-1793-A,  
RESPECTIVELY, TO PERMIT TAKING OF GAS-OIL RATIO AND  
BOTTOM-HOLE PRESSURE TESTS ON AN ANNUAL BASIS RATHER  
THAN QUARTERLY AND SEMI-ANNUALLY, AS IS NOW REQUIRED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 13, 1972,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of September, 1972, 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 Rules 27 and 28 of the Special Rules and Regulations  
for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico,  
promulgated by Order No. R-1670-B, as amended, require, respec-  
tively, the taking of gas-liquid ratio tests on a quarterly basis  
and bottom-hole pressure tests on a semi-annual basis.

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CASE NO. 4810  
Order No. R-

(3) That Rule 9 of the Special Rules and Regulations for the Escrito-Gallup Oil Pool, Rio Arriba and San Juan Counties, New Mexico, promulgated by Order No. R-1793-A, requires the taking of gas-liquid ratio tests quarterly.

(4) That due to the state of depletion of the above-described pools, semi-annual and quarterly tests are no longer needed.

(5) That in order to lessen the administrative burden upon operators and <sup>the</sup> Commission, the Special Rules and Regulations for the Devils Fork-Gallup and Escrito-Gallup Pools should be amended to permit the taking of gas-liquid ratio and bottom-hole pressure tests on an annual basis.

*(6) That the above described amendments will neither cause*  
IT IS THEREFORE ORDERED:

(1) That Rule 27 and ~~the first paragraph of~~ Rule 28 of the Special Rules and Regulations for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, promulgated by Order No. R-1670-B, as amended, are hereby amended to read in their entirety as follows:

"Special Rule 27. Gas-liquid ratio tests shall be taken on all wells in the Devils fork-Gallup Pool and on all wells producing from the Gallup formation within one mile of the boundaries of the Devils Fork-Gallup Pool which are not within another designated Gallup pool during the month of November of each year. The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio test, each operator shall file with the Aztec District Office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

*Leave the new schedule consistent with rights.*

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators."

"Special Rule 28. The average reservoir pressure shall be determined during November of each year after the well has been shut-in for a minimum of 3 days. Pressures shall be calculated to a common datum, which shall be the approximate depth of the gas-oil contact (1025 feet above sea level). The pressure on individual wells shall be determined in the following manner:

- (1) Subsurface pressure tests shall be taken on all ~~flowing~~ wells, gas and oil, ~~pumping wells are exempted~~ in accordance with the procedure outlined in Statewide Rule 302, except with respect to shut-in time and datum as provided above. *Pressures of pumping oil wells may be calculated from casing fluid level determinations.*
- (2) Information obtained on these tests shall be reported on Form C-124 ~~and~~ in accordance with the provisions of Statewide Rules 302 and 1123, and the Commission shall use the arithmetic average of the pressures so reported for the pressure,  $P_{res}$ , in the calculations as provided in Special Rule 13(a)"

(2) That Rule 9 of the Special Rules and Regulations for the Escrito-Gallup Pool, Rio Arriba and San Juan Counties, New Mexico, promulgated by Order No. R-1793-A, is hereby amended to read in its entirety as follows:

RULE 9. Gas-liquid ratio tests shall be taken on all wells in the Escrito-Gallup Oil Pool, and on all wells producing from the Gallup formation within one mile of the boundaries of the Escrito-Gallup Oil Pool which are not within another designated

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Gallup oil pool, during the month of November of each year. The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Aztec Office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators."

(3) 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.

NO. 1011: 1011. OF ATLANTIC  
PACIFIC RAILROAD  
PASSENGER UNIT, 1011 COUNTY.