

Casa No.

1323

Application, Transcript,  
Small Exhibits, Etc.

CASE 1323 Application of OCC for an order  
revising Rule 803 of the Rules and  
Regulations.

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 17, 1957

IN THE MATTER OF:

Case No. 1323

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 5-9546

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 17, 1957

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IN THE MATTER OF:

Application of the Oil Conservation Commission  
upon its own motion for an order revising Rule  
803 of the Commission Rules and Regulations.  
Applicant, in the above-styled cause, seeks an  
order revising Rule 803 of the Commission Rules  
and Regulations concerning the authorization of  
liquid hydrocarbon production from gas wells  
and to eliminate the necessity of individually  
listing each of said wells on the oil proration  
schedule. Case 1323

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BEFORE:

Mr. A. L. Porter  
Mr. Murray Morgan  
Governor Edwin L. Mechem

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: The meeting will come to order, please. The  
next case to be considered is Case 1323.

MR. COOLEY: Application of the Oil Conservation Commission  
upon its own motion for an order revising Rule 803 of the Commission  
Rules and Regulations. Mr. Commissioner, I'm testifying in this  
case.

(Witness sworn.)

MR. COOLEY: My name is William J. Cooley. I am attorney  
for the Oil Conservation Commission of New Mexico. I have prepared  
a proposed revision of Rule 803 concerning the production of liquid

hydrocarbon from gas wells. It might be well to preface any remarks concerning the revision with a reading of the present Rule 803.

"Rule 803. Production and Transportation of Condensate

The operator of a gas well in a gas pool may produce from such well the amount of condensate which such well is capable of producing without waste, provided that said operator shall file with the Commission a written application setting forth the estimated amount of condensate to be produced from such wells; and provided further, that a proration schedule or supplementary proration schedule is issued setting forth the amount of condensate to be produced from such well during each proration period."

It should be noted that the present Rule 803 authorizes the production of all condensate which a gas well is capable of producing without waste. Thus there is no attempt under the present rules to limit the amount of condensate which can be produced from a gas well.

The requirement of the present Rule 803 which the Commission feels that it can no longer live with is that a proration schedule or a supplementary proration schedule be issued setting forth the amount of condensate to be produced. During the operation and preparation of the proration schedule under this rule, we are presently listing some three hundred gas wells in Lea County, New Mexico, which are producing some condensate. Opposite each of these wells there is set a figure which purports to be a maximum

figure that that gas well can produce in the way of condensate. However, it should be noted again that this figure is not an attempt by the Commission to limit the amount of condensate which can be produced.

With the forthcoming proration of oil in the San Juan Basin it will be necessary to list the oil wells in that area on the proration schedule. At the present time no gas wells in the Northwestern New Mexico are being listed, but with oil proration in that area, we would have something on the order of two thousand condensate producing gas wells which would have to be listed on the proration schedule, along with the comparatively few oil wells in that area.

This additional administrative burden would make the preparation of the schedule nearly impossible by this Commission at any appropriate time. Thus I propose that Rule 803 be revised to read as follows:

"Production of liquid hydrocarbon from gas wells: All liquid hydrocarbons produced incidental to the authorized production of gas from a well classified by the Commission as a gas well shall, for all purposes, be legal production.

For purposes of this rule, all gas produced from a gas well shall be considered to be authorized production with the following exceptions:

(1) When the well is being produced without an approved Form C-110, designating the gas transporter and the oil or condensate

transporter for said well.

(2) When the well has been directed to be shut in by the Commission.

In the event a gas well is directed to be shut-in by the Commission, both the gas and oil transporters named on the well's Form C-110 shall be immediately notified of such fact."

The purpose of this rule change is merely to eliminate the necessity of individually listing each gas well in the State of New Mexico which produces some condensate on the oil proration schedule.

With this one exception, there would be no change in the procedures that have been followed by the Commission. The key word in the entire rule change is that "all liquid hydrocarbons produced incidental to the authorized production of gas." So long as gas production is authorized, the incidental hydrocarbons are likewise authorized and legal production, and the only two ways that you can have unauthorized gas production in the State is to be producing a gas well without a Form C-110, or to be producing the well after the Commission has ordered that such well be shut-in.

I don't believe that any transporter of condensate or gas would transport the hydrocarbons without a Form C-110 having been filed for said well. With the C-110 objection eliminated, the only thing left, that if the well has been ordered to be shut-in would be illegal production. When a well is ordered shut-in, the Commission under this rule would be under obligation to notify the

oil and gas and condensate transporter.

I believe that concludes my recommendations.

MR. PORTER: Does anyone have a question of Mr. Cooley?  
Mr. Campbell.

MR. CAMPBELL: Jack M. Campbell, Roswell, New Mexico,  
appearing on behalf of Texas Pacific Coal and Oil Company.

Mr. Cooley, I'm not clear -- perhaps I should have mentioned  
this sooner, I'm not clear. You just made the statement that the  
only way you could produce illegal gas is the two methods mentioned  
here?

MR. COOLEY: Yes, sir.

MR. CAMPBELL: You don't intend by this proposed rule to  
abolish gas prorationing or limitations on the gas from the gas  
wells, do you?

MR. COOLEY: None whatsoever.

MR. CAMPBELL: Could it be construed that way? By that I  
mean that the statutes prohibit the production of gas except in  
emergency conditions for any period of time in excess of the  
allowable. As I read it, it might be construed that the only  
circumstances in which you would be in violation for producing  
illegal gas would be the two circumstances you mentioned?

MR. COOLEY: I believe that's correct.

MR. CAMPBELL: What about the situation where you just  
produce in excess of the allowable indefinitely?

MR. COOLEY: Indefinitely?



MR. CAMPBELL: Well, yes, in violation of the allowable order.

MR. COOLEY: Unless a well is ordered to be shut-in by the Commission, a gas well, any gas produced by that well, as I interpret the present rules, is legal gas.

MR. CAMPBELL: What about the statute, Mr. Cooley, that provides that illegal gas is gas produced in excess of the allowable except under the emergency provision?

MR. COOLEY: Well, the allowable is what the well may produce in the current month plus any underage plus the right to overproduce, unless the right to overproduce is contrary to statute then, I mean for a limited period of time, that period being six months or six times the well's current allowable.

MR. CAMPBELL: What right of overproduction are you referring to?

MR. COOLEY: Well, take a concrete example. If a well has an allowable of one hundred MCF and is listed on the proration schedule with that allowable, is in balance at the time the allowable is assigned, it could produce as much under the present rules as six hundred MCF, or six times the current monthly allowable before that well would be in violation of our present gas proration rules, at which time the Commission would take positive action by ordering that well to be shut-in to make up the overproduction.

MR. CAMPBELL: You consider that the present statute and rules adequately protect the production of gas in excess of the

designated gas allowable, except for this emergency provision?

Do you see what I mean?

MR. COOLEY: I don't understand what you mean by "emergency provision".

MR. CAMPBELL: Emergency provision, producing for ten days, a ten-day emergency period in excess of the allowable in the statute.

MR. COOLEY: Yes, but under the present gas proration rules, you can't overproduce your monthly allowable. Also the statutes provide for a six month gas proration period and the monthly allowables are merely, really one-sixth, or approximate of that, assuming that they were all equal, it would be one-sixth of the well's allowable for the proration period, which is a six month period, not a one month period.

MR. CAMPBELL: I see, then you feel that this rule does not conflict in any manner with provisions of the statute: "...no natural gas well or pool shall be allowed to produce natural gas in excess of the allowable assigned to such source during any proration period..." You feel that is fully protected under this rule?

MR. COOLEY: Yes, I do, since that is a six-month period and at the end of the six-month period we take a look at the gas wells for one thing, if they are six times overproduced they are ordered to be shut-in; if they are not over six times overproduced, they have a right or the obligation to make up the overproduction by underproducing their current allowables to compensate for the

previous period's overproduction. If at the end of the second proration period, or the proration period of which the overage was produced, they have not compensated for that overage, then the well will be ordered shut-in regardless of whether it is six times overproduced or not.

MR. CAMPBELL: You satisfied that that program complies with the statute?

MR. COOLEY: Yes, I am.

MR. CAMPBELL: I think that's all.

MR. PORTER: Anyone else have a question of the witness?  
Mr. Dipple.

MR. DIPPLE: Harry Dipple with Continental Oil Company. Mr. Cooley, I suffer from some confusion here, too. I'm not clear as to what real purpose will be served by the second paragraph of your proposed rule.

MR. COOLEY: Sub paragraph 2?

MR. DIPPLE: No, sir. The main paragraph beginning with "For purposes of this rule", including sub 1 and 2.

MR. COOLEY: Well, we'll have to go back to paragraph 1 to clarify that. As I tried to point out on direct testimony, the word "authorized production" is the key word, which authorizes the production of liquid hydrocarbon from gas wells. "All liquid hydrocarbons produced incidental to the authorized production of gas ....shall ...be legal production." Now to clarify the meaning of the word "authorized", the use of it as it is used in this rule,

I tried to define that term that all gas produced from the gas well shall be considered to be authorized production, with the following exceptions, these two exceptions set forth in paragraphs 1 and 2 are the only two instances of which I can conceive that you can have illegal gas production in the State of New Mexico. If there are others, I would like to know them.

MR. DIPPLE: The Form C-110 is required to be filed at the present time under the present rules, is it not?

MR. COOLEY: It is.

MR. DIPPLE: So that under the rule as it now reads, if that form had not been filed, that would be an illegally produced gas anyway, would it not?

MR. COOLEY: It would.

MR. DIPPLE: And under the current rules, if a well had been directed by the Commission to be shut-in but was continued as a producing well, it would be producing illegal gas, under the present rules, would it not?

MR. COOLEY: It would.

MR. DIPPLE: Well, would I be correct in understanding then that you included this in your proposed rule out of an abundance of caution and you meant to be sure you preserve the situation that exists under the present rules with respect to these two exceptions that you mentioned?

MR. COOLEY: Not so much to preserve the rules concerning the requirement of a Form C-110 or that no well shall be produced

after it has been ordered to be shut-in by the Commission, but rather to point out that these are the only two methods that I'm aware of that you can have illegal gas production. Without paragraph 2, it occurred to me that the transporters, people who will be taking this liquid hydrocarbon production, would be very reluctant to take it, because the onus would be upon them to determine what authorized production is. While they might realize that under one set of circumstances, "We know this is illegal", and another, "We know this is illegal", they might not be aware that -- there might in their mind be the possibility of a third method of producing illegal gas in the State. It was merely to clarify rather than to preserve.

MR. DIPPLE: Thank you.

MR. PORTER: Mr. Selinger.

MR. SELINGER: George Selinger. Actually, what you are doing with the proposed rule is to avoid the double reporting and the double handling on the part of the State in its administering of the laws on those type of wells that produce both liquid hydrocarbons and gaseous for relative things; for example, as long as you have control over your gas part or portion of your well, the liquid hydrocarbon is merely incidental, isn't that correct?

MR. COOLEY: That is correct. On the gas well, the well that has been classified by the Commission as a gas well, the liquid hydrocarbon production is considered incidental; likewise on the oil well, the gas production is considered incidental.

MR. SELINGER: The effect of your rule, then, is to avoid the double handling and reporting and the administration on the part of the State on those type of wells, and as long as you have a reporting and prorationing administration, insofar as the gas is concerned, it completely safeguards the other incidental products?

MR. COOLEY: The limit on the amount of gas which can be produced is most certainly a limit on the condensate that could be produced. We would still require the amount of production of condensate from the gas wells.

MR. SELINGER: The sole purpose is to eliminate the double reporting?

MR. COOLEY: Not so much the reporting as it is the necessity of listing the wells on the proration schedule when it serves no purpose.

MR. SELINGER: Actually you eliminate the reporting because nowhere do you report your liquid hydrocarbon, because the only thing that your State gas report is is on Form C-110, which is the reporting of the gas, but it would eliminate the necessity of the liquid hydrocarbon being reported?

MR. COOLEY: No, sir, it will not. Form C-115 will be filed on the well showing the amount of gas and the amount of liquid hydrocarbons produced.

MR. SELINGER: Form C-115?

MR. COOLEY: You would still have a monthly report of gas and the amount of liquid hydrocarbons produced.

MR. SELINGER: You would report that on classified gas wells?

MR. COOLEY: Yes, sir.

MR. SELINGER: The rule itself, Rule 1114, which is the Operator's Monthly Report, Form C-115, on page 50 of the Rules, does not indicate whether the liquid hydrocarbons would be reported on that form, but you are talking about classified gas wells which have to report on Form C-111, and nothing in that report indicates the reporting of a liquid hydrocarbon. I think Form C-115 is applicable to classified oil wells.

MR. PORTER: Mr. Selinger, I believe to straighten the record, Form C-111 which you referred to is a gas transmission report filed by the operator of a gas transmission system. C-115 is a form to be filed by the individual operators of oil or gas wells, so the operator does file the amount of both gas and any liquid hydrocarbons that are produced by his well on a monthly basis.

MR. SELINGER: I believe that form-- I don't want to get into an argument, but I believe that is applicable to casinghead gas, that is, gas produced from classified oil wells. You'll find there is no report for liquid hydrocarbons produced from classified gas wells.

MR. COOLEY: We have interpreted C-115 as being a dual purpose form and to presently require it on all wells.

MR. SELINGER: And the sole object was to indicate that

from a practical standpoint it would eliminate the necessity of keeping voluminous records on information highly unnecessary, as long as you control adequately the major product from a well of this type?

MR. COOLEY: I personally would be opposed to eliminating the necessity of reporting condensate production from a gas well. I feel that we should have that information. I don't think it is pertinent to the discussion of the present rule, but for one reason, it would be impossible for this Commission to estimate the demand for oil without knowing with some certainty what the production of condensate is, since to a great extent they are in competition with each other for a market.

MR. SELINGER: Your purpose is to avoid the listing of individual wells to be carried on the record?

MR. COOLEY: That is the sole purpose.

MR. SELINGER: Thank you.

MR. PORTER: Anyone else have a question? Mr. Utz.

MR. UTZ: Mr. Cooley, referring to your last paragraph of the proposed rule, is it your thought that that notification to both the gas and oil transporter in regard to a shut-in well could be accomplished on the proration schedule or by special communication?

MR. COOLEY: By special communication.

MR. UTZ: Would not notification on the proration schedule be sufficient?



MR. COOLEY: Well, I might revise that answer to a certain extent. If a well is ordered to be shut-in for a period of a month or for a period of several months, then notification on the proration schedule, I think, would be sufficient but it is conceivable that a well would be shut-in for only a portion or during the middle of the month, and my point is, if a well was shut-in in that manner, it would be necessary to do it by special communication.

MR. UTZ: That would be a special situation, though?

MR. COOLEY: Yes.

MR. PORTER: Do you know whether or not the transporters of liquid hydrocarbon receive the gas proration schedule?

MR. COOLEY: I do not know.

MR. CAMPBELL: Who would notify the gas and oil transporters, the man whose well was shut-in?

MR. COOLEY: No, the rule provides that the Commission shall notify, any authorized representative of the Commission.

MR. PORTER: Mr. Cooley, there is one other aspect of the problem, I don't believe it has been brought out. You may have touched on it, concerning the amount of condensate which is actually authorized each month. Now I notice on the October oil proration schedule that we have approximately 8,000 barrels a day allocated to 288 condensate wells. Do you have any knowledge as to approximately what percentage of the allowable that these wells have actually has been produced?

MR. COOLEY: I believe an average amount would be in the

vicinity of thirty percent.

MR. PORTER: Then if that's true, your total allocation picture would be to storage to the tune of about 5,000 barrels?

MR. COOLEY: Yes. At present, with the addition of another 2,000 wells in the Northwest, why it would be aggravated some five, ten times more, the differential would.

MR. PORTER: Now if this rule were adopted, of course, it would eliminate the necessity of listing each individual condensate well, but would the condensate which is to be produced by all of the wells be considered in our total, in our monthly allowable hearing, monthly oil allowable hearing?

MR. COOLEY: It most certainly would, because the condensate production is for the most part in competition with the crude oil and it would have to be considered in establishing the oil allowable.

MR. PORTER: What would the estimate be based on?

MR. COOLEY: It is my understanding that there is a direct proportion or direct relationship between the amount of gas, the time of the year that the gas is produced, and the amount of condensate that will be produced. By knowing these figures and by surveillance of past records of the Commission, this relationship has remained very steady, and it would be quite possible for the Commission to estimate very closely the amount of condensate that will be produced, given a certain gas allowable in a certain month.

MR. PORTER: Does anyone else have a question of Mr. Cooley?  
The witness may be excused.

MR. HINKLE: Clarence Hinkle, Roswell, representing the Humble Oil and Refining Company. Humble would like to go on record as favoring the proposed revision of Rule 803.

MR. PORTER: Any other statements? We'll take the case under advisement.

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# C E R T I F I C A T E

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the Oil Conservation Commission of New Mexico was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this            day of October, 1957,  
in the City of Albuquerque, County of Bernalillo, State of New Mexico.

NOTARY PUBLIC

My commission expires:

June 19, 1959.

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 5-9546

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 1323  
Order No. R-1081

APPLICATION OF THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO UPON ITS  
OWN MOTION FOR AN ORDER REVISING  
RULE 803 OF THE COMMISSION RULES  
AND REGULATIONS CONCERNING THE  
AUTHORIZATION OF LIQUID HYDROCARBON  
PRODUCTION FROM GAS WELLS IN THE  
STATE OF NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
October 17, 1957, at Santa Fe, New Mexico, before the Oil Con-  
servation Commission of New Mexico, hereinafter referred to as  
the "Commission."

NOW, on this 29<sup>th</sup> day of October, 1957, the Commission,  
a quorum being present, having considered the evidence adduced  
and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required  
by law, the Commission has jurisdiction of this cause and the  
subject matter thereof.

(2) That Rule 803 of the Commission Rules and Regulations  
should be revised to eliminate the necessity of individually listing  
in the Oil Proration Schedule gas wells which produce liquid hydro-  
carbons incidental to the production of gas.

IT IS THEREFORE ORDERED:

(1) That Rule 803 of the Commission Rules and Regulations  
be and the same is hereby revised to read as follows:

**"RULE 803. PRODUCTION OF LIQUID HYDROCARBONS FROM  
GAS WELLS**

All liquid hydrocarbons produced incidental to the  
authorized production of gas from a well classified by the Com-  
mission as a gas well shall, for all purposes, be legal production.

For purposes of this rule, all gas produced from a gas  
well shall be considered to be authorized production with the  
following exceptions:

-2-

Case No. 1323  
Order No. R-1081

(1) When the well is being produced without an approved Form C-110, designating the gas transporter and the oil or condensate transporter for said well.

(2) When the well has been directed to be shut-in by the Commission.

In the event a gas well is directed to be shut-in by the Commission, both the gas transporter and the oil transporter named on the well's Form C-110 shall be immediately notified of such fact."

(2) That this order shall become effective December 1, 1957.

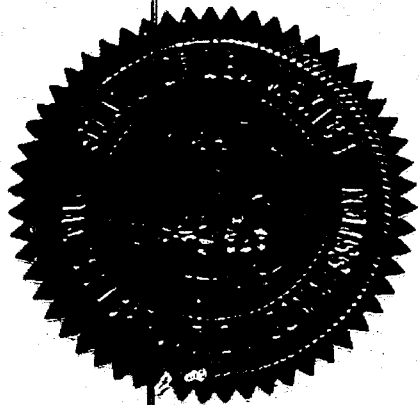
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Mechem*  
EDWIN L. MECHEM, Chairman

*M. E. Morgan*  
MURRAY E. MORGAN, Member

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



ir/

DUPLICATED COPIES WERE MAILED TO THE FOLLOWING OF ORDER R-1081, CASE 1323:

Harry Dipple, Continental, Ft. Worth  
George Selinger, Skelly, Tulsa  
Clarence Hinkle, Roswell

NEW MEXICO OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

No. 29A-57

MEMORANDUM:

TO: ALL TRANSPORTERS AND PURCHASERS OF OIL  
OR CONDENSATE IN THE STATE OF NEW MEXICO.

FROM: A. L. PORTER, Jr., SECRETARY-DIRECTOR

SUBJECT: AUTHORIZATION OF CONDENSATE PRODUCTION

Enclosed is a copy of a proposed revision of Rule 803 of the Commission Rules and Regulations which has to do with the Authorization of Condensate production. We propose to call the matter for hearing on our regular October 17 hearing date.

On our Southeast New Mexico Oil Proration Schedule we are presently listing almost 300 gas wells which are producing condensate, with a total daily allocation of almost 8,000 barrels as compared to production of less than 30% of that amount. The large differential between allowables and production is due in part to the variable factors which influence condensate production such as gas allowables and temperature. Also the condensate nominations are actually nothing but exaggerated guesses which cause our total daily oil allocation to be distorted.

The individual listing of condensate producing gas wells on the Oil Proration Schedule serves no worthwhile purpose. It is an unnecessary burden which will be tremendously increased with the forthcoming oil proration in the San Juan Basin. In fact, there will be more gas wells than oil wells listed in the Oil Proration Schedule if the present rule is continued in effect.

The purpose of the proposed change is to give blanket authority to produce, sell, transport, and refine all liquid hydrocarbons produced incidental to the authorized production of natural gas from a gas well thus eliminating the burdensome task of individually listing in the Oil Proration Schedule all gas wells which incidentally produce some liquid hydrocarbons.

A pre-hearing conference relative to this matter will be held at 3 p. m., October 16, 1957. All interested parties are urged to attend.

PROPOSED REVISION

RULE 803. PRODUCTION OF LIQUID HYDROCARBONS FROM GAS WELLS

All liquid hydrocarbons produced incidental to the authorized production of gas from a well classified by the Commission as a gas well shall, for all purposes, be legal production.

For purposes of this rule, all gas produced from a gas well shall be considered to be authorized production with the following exceptions:

- (1) When the well is being produced without an approved Form C-110, designating the gas transporter and the oil or condensate transporter for said well.
- (2) When the well has been directed to be shut-in by the Commission.

In the event a gas well is directed to be shut-in by the Commission, both the gas and oil transporters named on the well's Form C-110 shall be immediately notified of such fact.

October 7, 1957.

ga



DOCKET: REGULAR HEARING OCTOBER 17, 1957

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

- ALLOWABLE: (1) Consideration of the oil allowable for November, 1957.
- (2) Consideration of the allowable production of gas for November, 1957, from the six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from the six prorated pools in San Juan and Rio Arriba Counties, New Mexico, for November, 1957.

NEW CASES

CASE 1273: In the matter of the hearing called by the Oil Conservation Commission to permit Magnolia Petroleum Company to appear and show cause why it should not be required to purchase 100% of the oil authorized to be produced from the wells from which it purchases in the State of New Mexico.

CASE 1299: In the matter of the hearing ordered by Paragraph (2) of Order R-1037-A to permit Gulf Oil Corporation to appear and show cause why it should not be required to purchase 100% of the oil authorized to be produced from the wells from which it purchases in the State of New Mexico.

CASE 1323: Application of the Oil Conservation Commission upon its own motion for an order revising Rule 803 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order revising Rule 803 of the Commission Rules and Regulations concerning the authorization of liquid hydrocarbon production from gas wells and to eliminate the necessity of individually listing each of said wells on the oil proration schedule.

CASE 1324: Application of Graridge Corporation for an order authorizing capacity production for its pilot water flood project in the Caprock-Queen Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing capacity production of all its wells in its pilot water flood project authorized by Order R-972 in Section 31, Township 12 South, Range 32 East, Caprock-Queen Pool, Lea County, New Mexico.

CASE 1325: Application of Amerada Petroleum Corporation for an order amending Order R-991 insofar as said order pertains to the Bagley-Upper Pennsylvanian Gas Pool in Lea County, New Mexico, to extend the horizontal limits of said pool, and to provide for standard drilling units of 320 acres. Applicant, in the above-styled cause, seeks an order extending the Bagley-Upper Pennsylvanian Gas Pool to include the W/2 SW/4 of Section 2; N/2, SE/4 and N/2 SW/4 of Section 3; N/2 and N/2 SE/4 of Section 4, all in Township 12 South, Range 33 East; the S/2 and S/2 N/2 of Section 33; S/2 and S/2 N/2 of Section 34, all in Township 11 South, Range 33 East, Lea County, New Mexico. Applicant further requests the establishment of 320-acre spacing and drilling units in the Bagley-Upper Pennsylvanian Gas Pool and

such other rules and regulations as the Commission may deem necessary for the purposes herein stated.

CASE 1326: Application of Southern California Production Corporation for an order promulgating special pool rules for the Teas Pool in the Potash-Oil Area in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Teas Pool in the Potash-Oil Area in Lea County, New Mexico, to provide a casing program for wells drilled in said pool in lieu of the Shallow-zone Casing Requirements set forth in Order R-111-A.

CASE 1327: Application of Texas Pacific Coal and Oil Company for an order immediately terminating gas prorationing in the Jalmat Gas Pool; or in the alternative, revising the Special Pool Rules for the Jalmat Gas Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order immediately terminating gas prorationing in the Jalmat Gas Pool, or in the alternative, an order immediately cancelling all accumulated underproduction and redistributing such underproduction to overproduced wells in the Jalmat Gas Pool, and requiring gas purchasers to nominate a sufficient amount of gas from the pool to permit wells from which purchasers are able to take gas to have an allowable equal to their actual production, and upon this basis to thereafter balance the pool production at the end of each proration period, and establishing deliverability of gas wells as a factor in the proration formula for the pool, and establishing a maximum amount of gas which may be taken from any well in the pool during a specified period of time. Applicant further requests the Commission to issue such further order or orders as will bring the pool immediately into balance and maintain such balance without waste and without abuse of applicant's or others' correlative rights.

CASE 1328: Southeastern New Mexico nomenclature case calling for an order for the abolishment, deletion and extension of existing pools in Lea, Chaves, and Eddy Counties, New Mexico.

(a) Abolish the Premier Pool described as:

TOWNSHIP 17 SOUTH, RANGE 30 EAST

Section 22: S/2

Section 23: S/2 & SW/4 NW/4

Section 24: S/2

All of Sections 25, 26, 27, 28, 33, 34, 35 & 36

TOWNSHIP 17 SOUTH, RANGE 31 EAST

Section 19: S/2

Section 20: S/2

All of Sections 29 & 30

Section 31: N/2

- (b) Delete portions of the Square Lake Pool described as:

TOWNSHIP 17 SOUTH, RANGE 31 EAST  
Section 3: NW/4  
Section 4: N/2  
Section 5: N/2  
Section 6: N/2

- (c) Extend the Grayburg-Jackson Pool to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST  
Section 22: S/2  
Section 23: S/2  
Section 24: S/2  
All of Sections 25, 26, 27, 28, 33, 34, 35 & 36

TOWNSHIP 17 SOUTH, RANGE 31 EAST  
Section 3: NW/4  
Section 4: N/2  
Section 5: N/2  
Section 6: N/2  
Section 19: S/2  
Section 20: S/2  
All of Sections 29 & 30  
Section 31: N/2

- (d) Extend the East Anderson Ranch-Pennsylvanian Pool to include:

TOWNSHIP 16 SOUTH, RANGE 33 EAST  
Section 3: Lots 15 & 16, S/2  
Section 4: E/2 SE/4

- (e) Extend the Artesia Pool to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST  
Section 26: NW/4

- (f) Extend the Atoka-Grayburg Pool to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST  
Section 12: S/2

TOWNSHIP 18 SOUTH, RANGE 27 EAST  
Section 7: SW/4

- (g) Extend the Blinbry Gas Pool to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST  
Section 16: SE/4

- (h) Extend the Caprock-Queen Pool to include:

TOWNSHIP 13 SOUTH, RANGE 32 EAST  
Section 30: SE/4

TOWNSHIP 14 SOUTH, RANGE 31 EAST  
Section 17: NE/4 SW/4

- (i) Extend the Caudill-Wolfcamp Pool to include:

TOWNSHIP 15 SOUTH, RANGE 36 EAST  
Section 9: SE/4  
Section 16: E/2

- (j) Extend the Cave Pool to include:

TOWNSHIP 16 SOUTH, RANGE 29 EAST  
Section 31: S/2 S/2  
Section 33: S/2 & NE/4

TOWNSHIP 17 SOUTH, RANGE 28 EAST  
Section 1: NE/4

TOWNSHIP 17 SOUTH, RANGE 29 EAST  
Section 6: N/2

- (k) Extend the Dayton-San Andres Pool to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST  
Section 27: SE/4 SE/4  
Section 34: E/2 NE/4  
Section 35: NW/4

- (l) Extend the Four Lakes-Pennsylvanian Pool to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST  
Section 2: NW/4

- (m) Extend the Gladiola Pool to include:

TOWNSHIP 12 SOUTH, RANGE 37 EAST  
Section 13: NE/4

- (n) Extend the Gladiola Wolfcamp Pool to include:

TOWNSHIP 12 SOUTH, RANGE 37 EAST  
Section 27: E/2

- (o) Extend the Grayburg-Keely Pool to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST  
Section 14: S/2 SW/4

- (p) Extend the King-Devonian Pool to include:

TOWNSHIP 13 SOUTH, RANGE 37 EAST  
Section 26: S/2 SE/4

- (q) Extend the North Mason-Delaware Pool to include:

TOWNSHIP 26 SOUTH, RANGE 32 EAST  
Section 18: S/2

- (r) Extend the Square Lake Pool to include:

TOWNSHIP 16 SOUTH, RANGE 30 EAST  
Section 29: NE/4

- (s) Extend the Teague-Grayburg Pool to include:

TOWNSHIP 23 SOUTH, RANGE 37 EAST  
Section 21: SW/4

- (t) Extend the Young Pool to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST  
Section 20: S/2 S/2

CASE 1329: Northwestern New Mexico nomenclature case calling for an order creating a new pool and extending the vertical and horizontal limits of existing pools in San Juan and Rio Arriba Counties, New Mexico.

- (a) Create a new oil pool for Gallup production, designated as the Horseshoe-Gallup Oil Pool, and described as:

TOWNSHIP 30 NORTH, RANGE 16 WEST  
Section 3: W/2 W/2  
Section 4: E/2 and SE/4 NW/4  
Section 9: W/2 NE/4, NE/4 NE/4, E/2 SW/4  
and NW/4 SE/4

- (b) Extend the vertical limits of the Otero-Graneros Pool to include the Dakota formation and change the name of said pool accordingly to the Otero Graneros-Dakota Pool.

- (c) Extend the horizontal limits of the Otero Graneros-Dakota Pool to include:

TOWNSHIP 25 NORTH, RANGE 5 WEST  
Section 26: SW/4  
Section 27: S/2

- (d) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 28 NORTH, RANGE 9 WEST  
All of Sections 23 & 27

- (e) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 25 NORTH, RANGE 3 WEST  
Section 10: N/2  
Section 11: W/2

TOWNSHIP 26 NORTH, RANGE 3 WEST  
Section 28: E/2

TOWNSHIP 27 NORTH, RANGE 5 WEST  
Section 26: S/2

(f) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 24 NORTH, RANGE 2 WEST  
Section 20: All  
Section 21: S/2

TOWNSHIP 25 NORTH, RANGE 3 WEST  
All of Sections 28 & 29  
Section 32: N/2  
Section 33: N/2

TOWNSHIP 25 NORTH, RANGE 5 WEST  
Section 34: N/2

TOWNSHIP 28 NORTH, RANGE 9 WEST  
Section 26: All  
Section 34: N/2

(g) Extend the Otero-Chacra Pool to include:

TOWNSHIP 25 NORTH, RANGE 5 WEST  
Section 18: All  
Section 34: N/2

(h) Extend the Bisti-Lower Gallup Oil Pool to include:

TOWNSHIP 25 NORTH, RANGE 11 WEST  
Section 24: SW/4

TOWNSHIP 26 NORTH, RANGE 13 WEST  
Section 20: SE/4

(i) Extend the Verde-Lover Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 15 WEST  
Section 31: NE/4

CASE 1330: Application of Northwest Production Corporation for an order for the extension of the South Blanco-Pictured Cliffs Pool in Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the South Blanco-Pictured Cliffs Pool to include the following area:

TOWNSHIP 25 NORTH, RANGE 4 WEST  
All of Sections 5 & 6  
Section 7: E/2  
All of Section 8

-7-

No. 31-57

TOWNSHIP 26 NORTH, RANGE 4 WEST  
All of Sections 29, 30, 31 & 32

CONTINUED CASE

CASE 1292: Application of John H. Trigg for an order authorizing a pilot program for the injection of gas into the Caprock-Queen Pool, Chaves County, New Mexico, for purposes of pressure maintenance, and further, authorizing the transfer of allowables for the injection well to other wells on the same basic lease, and further, to exempt certain of his wells from gas-oil ratio penalties. Applicant, in the above-styled cause, seeks an order authorizing the injection of gas into the Caprock-Queen Pool through his Federal Trigg No. 10-9 Well located in the NW/4 SE/4 of Section 9, Township 14 South, Range 31 East, Chaves County, New Mexico. Applicant further requests that the allowables assigned to the injection well be transferred to another well or wells on the same basic lease, and further, that during the period of the pilot program all wells in Section 9, which are on the same lease as the injection well, be exempt from gas-oil ratio penalties.

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*Case 13273*

NEW MEXICO OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

No. 29A-57

MEMORANDUM:

TO: ALL TRANSPORTERS AND PURCHASERS OF OIL  
OR CONDENSATE IN THE STATE OF NEW MEXICO.

FROM: A. L. PORTER, Jr., SECRETARY-DIRECTOR

SUBJECT: AUTHORIZATION OF CONDENSATE PRODUCTION

Enclosed is a copy of a proposed revision of Rule 803 of the Commission Rules and Regulations which has to do with the Authorization of Condensate production. We propose to call the matter for hearing on our regular October 17 hearing date.

On our Southeast New Mexico Oil Proration Schedule we are presently listing almost 300 gas wells which are producing condensate, with a total daily allocation of almost 8,000 barrels as compared to production of less than 30% of that amount. The large differential between allowables and production is due in part to the variable factors which influence condensate production such as gas allowables and temperature. Also the condensate nominations are actually nothing but exaggerated guesses which cause our total daily oil allocation to be distorted.

The individual listing of condensate producing gas wells on the Oil Proration Schedule serves no worthwhile purpose. It is an unnecessary burden which will be tremendously increased with the forthcoming oil proration in the San Juan Basin. In fact, there will be more gas wells than oil wells listed in the Oil Proration Schedule if the present rule is continued in effect.

The purpose of the proposed change is to give blanket authority to produce, sell, transport, and refine all liquid hydrocarbons produced incidental to the authorized production of natural gas from a gas well thus eliminating the burdensome task of individually listing in the Oil Proration Schedule all gas wells which incidentally produce some liquid hydrocarbons.

A pre-hearing conference relative to this matter will be held at 3 p.m., October 16, 1957. All interested parties are urged to attend.



PROPOSED REVISION

RULE 803. PRODUCTION OF LIQUID HYDROCARBONS FROM GAS WELLS

All liquid hydrocarbons produced incidental to the authorized production of gas from a well classified by the Commission as a gas well shall, for all purposes, be legal production.

For purposes of this rule, all gas produced from a gas well shall be considered to be authorized production with the following exceptions:

- (1) When the well is being produced without an approved Form C-110, designating the gas transporter and the oil or condensate transporter for said well.
- (2) When the well has been directed to be shut-in by the Commission.

In the event a gas well is directed to be shut-in by the Commission, both the gas and oil transporters named on the well's Form C-110 shall be immediately notified of such fact.

October 7, 1957

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