

Case No.

1352

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Application, Transcript,  
Small Exhibits, Etc.

CASE 1352: Application of the OCC for an  
order granting exceptions to Rules & Regula-  
tions for Blinebry, Eumont, Justis & Tubb  
Gas Pools for overproduced wells.

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
December 9, 1957

IN THE MATTER OF: Case 1332

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE - SANTA FE  
3-6691 2-2211

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BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
December 9, 1957

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IN THE MATTER OF:

Application of the Oil Conservation Commission  
upon its own motion for an order granting an  
exception to the Special Rules and Regulations,  
for the Blinebry Gas Pool, Eumont Gas Pool,  
Justis Gas Pool and Tubb Gas Pool to the  
effect that any over-produced well in said  
pools which had a current allowable assigned  
in excess of its overproduction for any month  
of the current gas proration period, July 1-  
December 31, 1957, shall be considered to have  
been in balance during said month.

Case 1352

BEFORE:

MR. A. L. PORTER  
MR. MURRAY MORGAN  
GOVERNOR EDWIN L. MECHEM

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: The meeting will come to order, please. At the last hearing at the call of the Commission, we continued Case 1327 to December 9th. It was our decision at that time to enter an interim order relative to the overproduced wells in the Jalmat Pool; as a result of that announcement and the ensuing interim order, the Commission had numerous calls from operators asking if the provisions of that interim order would be extended to other pools in Southeast New Mexico, other gas pools. Because of all these calls and questions concerning the order, the Commission

felt it best to call a case on our own motion for the purpose of considering the application of the Rules in Order R-1092 to the other pools in Southeastern New Mexico, and we considered it advisable to call that case first this morning; so at this time we will take up Case 1352.

MR. COOLEY: Case 1352: Application of the Oil Conservation Commission upon its own motion for an order granting an exception to the Special Rules and Regulations for the Blinbry Gas Pool, Eumont Gas Pool, Justis Gas Pool and Tubb Gas Pool to the effect that any overproduced well in said pools which had a current allowable assigned in excess of its overproduction for a month of the current gas proration period, July 1- December 31, 1957, shall be considered to have been balance during said month.

We have one witness in this case.

(Witness sworn)

ELVIS A. UTZ

a witness, of lawful age, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

By MR. COOLEY:

Q State your name and position, please.

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

Q ~~Mr. Utz, in your official capacity as engineer for the~~

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Oil Conservation Commission, have you had an opportunity to make a study of the balancing provisions in the various Special Rules and Regulations for the gas pools in Southeastern New Mexico?

A Yes, I have.

Q You are familiar with those rules?

A Yes, sir.

Q Mr. Utz, would you please, for the purpose of clarity, outline the relief that was granted for the overproduced wells in the Jalmat Gas Pool by virtue of Order 1902?

A Yes, I will. I believe to do that it will be best to read the order and then explain its effect. R-1092, pertinent portion of that order is as follows: "That if any well in the Jalmat Gas Pool had an overproduced status at the beginning of any month during the current gas proration period, July 1 to December 31, 1957, which was less than (a) the well's current allowable for said month plus (b) the well's share of the allowable redistributed as a result of the cancellation of underproduction on December 31, 1957, then said well shall be considered to have been in balance during the said month." It would follow that the well would be considered to be in balance for that period, simply because it had been in balance for that month.

Q Been in balance sometime during the period?

A That's right. The present method of determining a well to be in balance is that at the end of any month after the production has been credited to the well net allowable, and if the well

actually shows a zero or is crossed over from an overproduced status, the well is considered to be in balance for that particular time.

Q Now, to clarify that, Mr. Utz, a well must actually show zero or underage status at the end of any given month?

A That's right.

Q Under the present rules and regulations for the Jalmat Gas Pool?

A Yes, sir.

Q Would you explain the effect of this exception?

A The effect of the exception would be to allow an overproduced well to take credit for the following month's current allowable, and if the following month's current allowable is equal to or more than the well's overproduced status for that month, the well will be considered to be in balance. Now that is the effect of the order that I have just read. It simply does this: it allows a well to stay overproduced one current month's allowable. The effect will be to allow some wells to be in balance, where under our present method they would not be in balance and therefore be subject to shutin for the amount of overproduction carried into the next proration period of January 1st, 1958.

Q If a well is in balance during a given proration period and then accrues overage during a period which is carried forward into the next proration period, it is not subject to shutin as a result of that overage?

A No, sir. Any overproduced well has the following proration period of six months to reconcile the production for the preceding period.

Q Mr. Utz, is there in your opinion any other gas pools in Southeastern New Mexico of those with similar conditions as those in the Jalmat Gas Pool?

A Yes, there are. There are a number of overproduced wells in the prorated pools.

Q Would you name the pools and the number of overproduced wells connected to El Paso transportation facilities?

A I have here the data only for the El Paso. In the Blinbry we have seventeen wells which are overproduced, with an average overproduction of twenty-six million one hundred thirty-five cubic feet. The Eumont Gas Pool we have ninety-one wells connected to El Paso which are overproduced with an average of twenty-eight million three hundred forty-seven cubic feet. Justis, one, forty-six million one hundred ninety-five over produced; only one. In Tubb there are five overproduced wells with an average overproduction of seventy-two million five hundred fifty-nine M.C.F.

Now of this number of overproduced wells, there are a number of wells which this interim order will affect and will cause to be in balance, and by virtue of a different interpretation of the balancing procedure.

Q You said the number of wells in this interim order, you mean 1092 would affect?



A Yes.

Q You mean similar relief to that granted in R-1092?

A That is correct. If this order is effective for these four pools.

Q Similarly these wells would benefit from the provisions of that order to the extent that any time their current allowable plus the amount of redistributed allowable as a result of cancellation exceeded their overproduced status for any given month, they would likewise be considered in balance?

A That is correct.

Q Do you feel this relief is warranted in these four gas pools in Southeastern New Mexico?

A Yes, I feel it is warranted. We felt it was warranted in Jalmat, in order to allow wells to continue to produce some gas in December and to have the balancing period from January 1st to June 1st, 1958, in which to make up any overproduction which they have carried into that period. It will afford the overproduced operators some relief.

Q Do you feel that this is an emergency type of situation and that the relief or the provisions of Order R-1092 should not be incorporated as a general rule?

A I definitely feel it is an emergency situation, for the reason that we have had a proration period of something over three years, and the overproduction has gotten in such a state

of affairs that they should be granted this particular relief for

this period only.

Q Why do you feel it will be ill advised to make this a portion of the Rules?

A I feel it gives an overproduced well an unfair advantage over a well that can't make its allowable.

Q To what extent, Mr. Utz?

A It causes the overproduced well to carry a current month's overproduction continuously, even to the depletion of the pool, whereas the underproduced well doesn't have any leeway.

Q Then if you had a hundred wells overproduced one month, you would have one hundred months' overproduction, is that correct?

A That's right.

MR. COOLEY: I think that's all the questions I have.

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

A It might be well to explain how we are going to arrive at the redistributed allowable which we can't actually arrive at with complete accuracy until after December production is in, so the pipeline will determine, will approximate that figure, which will be about fifteen million or thereabouts credited to each well, by estimating the redistributed allowable which will be credited to the well's current status before the balancing determination is in. In other words, the reason for that is that an overproduced well has the right to produce some overproduction which its production would be equal, its overproduction would be equal to the amount of underage that is going to be cancelled.

That is why we will credit the overproduced wells with an estimated redistributed allowable.

MR. COOLEY: Thank you, Mr. Utz.

MR. PORTER: Any further questions of the witness? The witness may be excused.

(Witness excused.)

MR. PORTER: Does anyone have anything more to offer in this case, any statements or comments?

With regard to Case 1352, it's the decision of the Commission to enter an order with provisions similar to those in Paragraph 2 of Order R-1092.

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C E R T I F I C A T E

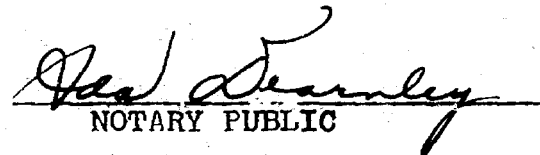
STATE OF NEW MEXICO

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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 New Mexico Oil Conservation Commission 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 16th day of December 1957, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

  
NOTARY PUBLIC

My Commission expires:

June 19, 1959

DEARNLEY - MEIER & ASSOCIATES  
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3-8691 2-2211

No. 36-57

DOCKET: SPECIAL COMMISSION HEARING DECEMBER 9, 1957

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

NEW CASE

CASE 1352: Application of the Oil Conservation Commission upon its own motion for an order granting an exception to the Special Rules and Regulations for the Blinbry Gas Pool, Eumont Gas Pool, Justis Gas Pool and Tubb Gas Pool to the effect that any over-produced well in said pools which had a current allowable assigned in excess of its overproduction for any month of the current gas proration period, July 1 - December 31, 1957, shall be considered to have been in balance during said month.

CONTINUED CASE

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.

ir/

(over)

No. 35-57

DOCKET: EXAMINER HEARING DECEMBER 6, 1957

Oil Conservation Commission Office, Room 109 Mabry Hall, 9:00 a.m. Santa Fe

The following case will be heard before A. L. Porter, Jr., Examiner:

CASE 1225:

Application of Moab Drilling Company and Utex Exploration Company, Inc. for an order authorizing capacity production for the pilot water flood project in the High Lonesome Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing capacity production of all the wells in the pilot water flood project authorized by Order No. R-975 in Sections 15 and 16, Township 16 South, Range 29 East, High Lonesome Pool, Eddy County, New Mexico.

ir/

(over)

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. 1352  
Order No. R-1099

APPLICATION OF THE OIL CONSERVATION  
COMMISSION UPON ITS OWN MOTION FOR  
AN ORDER GRANTING AN EXCEPTION TO  
THE SPECIAL RULES AND REGULATIONS  
FOR THE BLINEBRY GAS POOL, EUMONT  
GAS POOL, JUSTIS GAS POOL, AND TUBB  
GAS POOL TO THE EFFECT THAT ANY  
OVERPRODUCED WELL IN SAID POOLS WHICH  
HAD A CURRENT ALLOWABLE ASSIGNED IN  
EXCESS OF ITS OVERPRODUCTION FOR ANY  
MONTH OF THE CURRENT GAS PRORATION  
PERIOD JULY 1 - DECEMBER 31, 1957,  
SHALL BE CONSIDERED TO HAVE BEEN IN  
BALANCE DURING SAID MONTH.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 18<sup>th</sup> day of December, 1957, the Commission,  
a quorum being present, having considered the application and 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 an exception should be granted to the Special  
Rules and Regulations for the Blinebry Gas Pool, Eumont Gas Pool,  
Justis Gas Pool, and Tubb Gas Pool to the effect that if any well  
in said pools had an overproduced status at the beginning of any  
month during the current gas proration period less than:

- (a) the well's current allowable for  
said month, plus
- (b) the well's share of the allowable  
redistributed as a result of a  
cancellation of underproduction  
in said pools on December 31, 1957,

then said well shall be considered to have been in balance during  
said month.

-2-

Case No. 1352  
Order No. R-1099

(3) That the above-described relief is necessary to permit the degree of flexibility required to meet the market demand for gas from said pools during the remainder of the year 1957.

IT IS THEREFORE ORDERED:

(1) That if any well in the Blinebry Gas Pool, Eumont Gas Pool, Justis Gas Pool, and Tubb Gas Pool had an overproduced status at the beginning of any month during the current gas proration period (July 1 - December 31, 1957), which was less than:

- (a) the well's current allowable for said month, plus
- (b) the well's share of the allowable redistributed as a result of a cancellation of underproduction in said pools on December 31, 1957,

then said well shall be considered to have been in balance during said month.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
MURRAY E. MORGAN, Member

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

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