

CASE 1568: Hearing called by OCC to consider revising Rule 301 (b) of Rules & Regulations so gas-oil ratio tests will be filed by 10th of month following survey.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:
CASE 1568

TRANSCRIPT OF HEARING

DECEMBER 17, 1958

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
DECEMBER 17, 1958

IN THE MATTER OF:

CASE 1568: In the matter of the hearing called by the :
Oil Conservation Commission on its own mo- :
tion to consider the revision of Rule 301 :
(b) of the Commission Rules and Regulations: :
to provide that the results of gas-oil :
ratio tests taken during regular survey :
periods shall be filed by the 10th day of :
the month following the close of the survey: :
period for the pool. :

BEFORE:

Edwin L. Mechem
Murray Morgan
A. L. Porter

T R A N S C R I P T O F P R O C E E D I N G S

MR. PORTER: Take up next Case 1568.

MR. PAYNE: Case 1568. In the matter of the hearing
called by the Oil Conservation Commission on its own motion to con-
sider the revision of Rule 301 (b) of the Commission Rules and
Regulations to provide that the results of gas-oil ratio tests
taken during regular survey periods shall be filed by the 10th day
of the month following the close of the survey period for the pool.

MR. COOLEY: If the Commission please, I am William J.
Cooley, appearing on behalf of the Oil Conservation Commission,
Case 1568, in the matter called on the Commission's own motion to

revise Rule 301 (b) of the Commission Rules and Regulations.

(Witness sworn)

RANDALL MONTGOMERY,

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

DIRECT EXAMINATION

BY: MR. COOLEY:

Q Would the witness please state his name and position?

A Randall Montgomery, proration manager for the New Mexico Oil Conservation Commission.

Q Mr. Montgomery, the Commission has called this case on its own motion to revise the provisions of present Rule 301 (b) of the Oil Conservation Commission Rules and Regulations. At the outset, would you please read the present provisions of Rule 301 (b)?

A "The results of gas-oil ratio tests taken during regular survey periods shall be filed with the Commission on Form C-116 not later than the 15th of the month following the close of the survey period for the pool in which the well is located. The gas-oil ratios thus reported shall become effective for proration purposes on the first day of the second month following the close of the survey period. Unless Form C-116 is filed within the required time limit, no further allowable will be assigned the affected well until Form C-116 is filed."

Q Mr. Montgomery, have the present provisions of Rule 301

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(b) had any adverse effect on the efficient operation of the Oil Conservation Commission?

A It has.

Q In what regard, sir?

A Due to the very rapid increase of development in the southeast, and low increase in the time limit in which to work our proration schedule all out, and the same number of employees working, we are finding our time limit is becoming shorter and shorter and causing a hardship on the employers to calculate the allowables based on this Form C-116.

Q Have you graphically depicted the effects that the present Rule has had on the present Oil Conservation Commission?

A I have.

Q Has that graph been identified as Exhibit 1?

A It has.

Q Will you please refer to that Exhibit and explain what is shown?

A This shows the number of oil completions by counties in southeast New Mexico since the year 1951. Further, I have plotted the total number of wells that were producing in Lea and Chaves Counties as of January 1 of each year. January 1 of 1951 there were 4,262 wells in Lea and Chaves Counties. These are the wells which are affected by the gas-oil ratio limits. There has been a growth each year until I estimate January 1 of 1959 that we will have 7,534 wells. Under that effect, that is a growth of 43.4 percent in nine years.

Q Then, the purpose of your exhibit is to graphically depict the growth of operations in your area?

A Yes, sir.

Q Do you have any recommendations, Mr. Montgomery, regarding a change in Rule 301 (b) which would alleviate some difficulties that have resulted therefrom?

A It is my recommendation that the Rule -- one word be changed, that is, changed from the 15th to the 10th of the month following the close of the survey period.

Q That is, that the reports of GOR tests would be due in the Oil Conservation Commission office on the 10th of the month after the tests are taken rather than on the 15th, as the Rules presently provide?

A Yes, sir.

Q Do you feel that this revision in the Rules will have any adverse effect on the operators in your area?

A Not in my opinion.

Q Do you think that it is reasonable to expect to report those to the Commission by the 10th of the month?

A I do.

MR. COOLEY: That concludes our case, Mr. Commissioner. I would like now to offer Exhibit 1 in Case 1568, which, as the witness has testified, was prepared by him.

MR. PORTER: Without objection, the Exhibit will be admitted. Anyone have any questions of Mr. Montgomery? Anybody want

to argue with him about his recommendations? The witness may be excused.

(Witness excused)

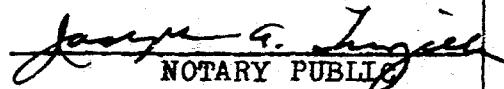
MR. PORTER: Anyone have anything further to offer in this case? It is the Commission's decision to go along with Mr. Montgomery's recommendations and change the filing date for form C-116 from the 15th to the 10th of the month.

Let's have a short recess.

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I. J. A. TRUJILLO, 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 by me, 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, the 27th day of December 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


NOTARY PUBLIC

My Commission Expires

October 5, 1960

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. 1568
Order No. R-1314

APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION TO AMEND
RULE 301 (b) OF THE COMMISSION RULES
AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 17, 1958, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 31st day of December, 1958, 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 Rule 301 (b) of the Commission Rules and Regulations should be amended to provide that the results of gas-oil ratio tests taken during regular survey periods shall be filed by the 10th day of the month following the close of the survey period for the pool, in order to facilitate the inclusion of such tests in the proration schedule.

IT IS THEREFORE ORDERED:

That Rule 301 (b) of the Commission Rules and Regulations be and the same is hereby amended to read as follows:

"The results of gas-oil ratio tests taken during regular survey periods shall be filed with the Commission on Form C-116 not later than the 10th of the month following the close of the survey period for the pool in which the well is located. The gas-oil ratios thus reported shall become effective for proration purposes on the first day of the second month following the close of the

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Case No. 1568
Order No. H-1314

survey period. Unless Form C-116 is filed within the required time limit, no further allowable will be assigned the affected well until Form C-116 is filed."

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

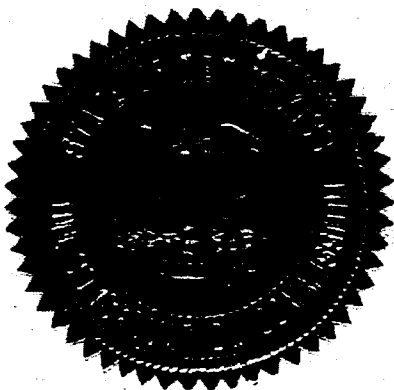
EDWIN L. MECHEM, Chairman

Murray E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

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



ir/

DOCKET: REGULAR HEARING DECEMBER 17, 1958

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

ALLOWABLE: (1) Consideration of the oil allowable for January 1959.

(2) Consideration of the allowable production of gas for January 1959 for six prorated pools in Lea County, New Mexico; and consideration of the allowable production of gas for seven prorated pools in San Juan and Rio Arriba Counties, New Mexico, for January 1959; also presentation of purchasers' nominations for the six-month period beginning February 1, 1959, for seven prorated pools in San Juan and Rio Arriba Counties, New Mexico.

NEW CASES

CASE 1568: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Rule 301 (b) of the Commission Rules and Regulations to provide that the results of gas-oil ratio tests taken during regular survey periods shall be filed by the 10th day of the month following the close of the survey period for the pool.

CASE 1569: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the promulgation of an order prohibiting the flaring of casinghead gas from oil wells in San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico.

CASE 1570: Southeastern New Mexico nomenclature case calling for an order for the creation of new pools and extension of existing pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(a) Create a new oil pool for Abo production, designated as the Dayton-Abo Pool, and described as:

Township 18 South, Range 26 East,
Section 34: NE/4

(b) Create a new oil pool for Devonian production, designated as the Little Lucky Lake-Devonian Pool, and described as:

Township 15 South, Range 30 East,
Section 29: NE/4

(c) Create a new oil pool for Pennsylvanian production, designated as the East Milnesand-Pennsylvanian Pool, and described as:

Township 8 South, Range 35 East,
Section 12: NW/4

(d) Extend the Empire-Abo Pool to include:

Township 18 South, Range 27 East,
Section 2: SW/4
Section 3: SE/4

- (e) Extend the West Henshaw-Grayburg Pool to include:
Township 16 South, Range 30 East,
Section 3: SE/4
- (f) Extend the Justis-Blinebry Pool to include:
Township 25 South, Range 37 East,
Section 13: SW/4
- (g) Extend the Justis-Drinkard Pool to include:
Township 25 South, Range 37 East,
Section 13: SW/4
Section 25: NW/4
- (h) Extend the Justis-Fusselman Pool to include:
Township 25 South, Range 37 East,
Section 25: NW/4
- (i) Extend the King-Wolfcamp Pool to include:
Township 13 South, Range 37 East,
Section 24: SE/4
- (j) Extend the Langlie-Mattix Pool to include:
Township 22 South, Range 37 East,
Section 31: SE/4
- (k) Extend the Penrose-Skelly Pool to include:
Township 21 South, Range 37 East,
Section 31: W/2 NW/4
- (l) Extend the Teas Pool to include:
Township 20 South, Range 34 East,
Section 18: W/2 NW/4
- (m) Extend the South Vacuum-Devonian Pool to include:
Township 18 South, Range 35 East,
Section 35: SE/4
- (n) Extend the Warren-Blinebry Gas Pool to include:
Township 20 South, Range 38 East,
Section 27: SW/4
- (o) Extend the Warren-Tubb Gas Pool to include:
Township 20 South, Range 38 East,
Section 27: SW/4

CASE 1571: Northwestern New Mexico nomenclature case calling for an order for the creation of a new pool and the extension of existing pools in Rio Arriba and San Juan Counties, New Mexico.

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

Township 31 North, Range 17 West,
Section 4: All
Section 5: NE/4

(b) Extend the Ballard-Pictured Cliffs Pool to include:

Township 25 North, Range 7 West,
Section 7: E/2

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

Township 25 North, Range 12 West,
Section 3: NE/4

(d) Extend the Blanco-Mesaverde Pool to include:

Township 32 North, Range 13 West,
Section 26: E/2

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

Township 30 North, Range 4 West,
Section 3: S/4
Section 4: SE/4

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

Township 24 North, Range 2 West,
Section 8: S/2
Section 24: N/2 & SE/4

Township 24 North, Range 3 West,
Section 17: S/4
Section 20: NW/4

Township 24 North, Range 4 West,
Section 7: S/2 and NW/4

Township 26 North, Range 5 West,
Section 13: NW/4
Section 14: All
Section 15: N/2

Township 26 North, Range 8 West,
Section 2: S/2

Township 27 North, Range 5 West,
Section 33: S/4

- (g) Extend the Horseshoe-Gallup Oil Pool to include:

Township 30 North, Range 16 West,
Section 4: $N/2$ NW/4
Section 5: NE/4
Section 10: $E/2$ NE/4 and SW/4 NE/4
Section 11: $W/2$ and SW/4 SE/4

Township 31 North, Range 16 West,
Section 30: $N/2$ and SE/4
Section 31: NE/4
Section 32: $N/2$
Section 33: $N/2$ S/2 and NE/4

- (h) Extend the North Los Pinos-Dakota Pool to include:

Township 32 North, Range 7 West,
Section 24: $W/2$

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

Township 25 North, Range 3 West,
Section 23: $N/2$

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

Township 31 North, Range 14 West,
Section 20: SW/4

In the matter of the hearing called by the OCC
on its own motion to consider the revision of
Rule 301 (b) of the Comptroller's Rules and
Regulations to provide that the results of gas oil
ratio tests taken during regular survey periods shall
be filed by the 10th day of the month following
the close of the survey period for the pool.