

Case No.

162

Application, Transcript,
Small Exhibits, Etc.

PAGE 16 IN THE MATTER OF A.B. OF NIICC
ON ITS MOTION THAT A.B. "ON OF SEC. 2 OF
B. 007 BE AMENDED etc.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearing to be held October 28, 1948, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico, in the House of Representatives.

Case 150
In the matter of the application of Magnolia Petroleum Company, a Corporation for approval of a proposed unit agreement for the development and operation of the Lindrieth Unit Area described as follows: Covering 28,488.39 acres situated in townships 24 and 25 North, Ranges 2 and 3 West, N.M.P.M., Rio Arriba County, New Mexico.

Case 151
In the matter of application of Phillips Petroleum Company, Bartlesville, Oklahoma for an order amending Order No. 72, effective August 1, 1937, amending order No. 55 and for an order authorizing a central tank battery for certain leases in Section 32, Township 12 South, Range 32 East, Lea County, New Mexico.

Case 152
In the matter of application of Magnolia Petroleum Company for an order approving a proposed unit agreement for the development and operation of the Cass Ranch Unit Area consisting of 10,230.27 acres situated in Townships 19 and 20 South, Ranges 23 and 24 East, N.M.P.M., in Eddy County, New Mexico.

Case 153
In the matter of the application of the New Mexico Oil Conservation Commission upon its motion at the suggestion of the

Lea County Operators Committee that Paragraph of Section 2 of Commission Order 637 known as the State Wide Proportion Order be amended so as to read as follows:

(c) At the beginning of each calendar month, the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month. Where any well is completed between the first and last day of the calendar month, its unit shall be assigned an allowable in accordance with whether such unit is marginal or non-marginal, beginning at 7 A.M., on the date of completion and for the remainder of that calendar month.

Case 153
In the matter of the petition of Stanolind Oil and Gas Company for the adoption of regulations establishing the 640 acre spacing in the Blanco Field in San Juan County, New Mexico; establishing the location of the initial well on each 640; fixing regulations as to the setting of pipe; and for back pressure tests of the various strata.

Case 154
In the matter of the application of Grayburg Oil Company of New Mexico, Inc. and Western Production Company, Inc. for an order granting permission to unitize certain tracts within the boundaries of the Grayburg Cooperative and Unit Area, in Township 17 South, Ranges 29 and 30 East, N.M.P.M., in the Grayburg-Jackson Pool of Eddy County, New Mexico for proration and allowable purposes.

Case 155

In the matter of application of Jenkins and McQueen for order granting permission to drill unorthodox location designated as Well No. 1 on their lease, described as NW/4 NE/4 SE/4 (2976 feet south of the north line and 960 feet west of the east line) section 19, T.29N, R.11W, N.M.P.M., in the Kutz Canyon-Pulcher Basin Field of San Juan County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico on October 13, 1948.
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
By R. R. SPURRIER,
Secretary.

(SEAL)
Pub. Oct. 15, 1948

being first duly sworn,
am the ~~Business Manager~~ (Editor) of the Santa Fe

, a daily newspaper, published in the English a general circulation in the City and County of Santa Fe, State of ng a newspaper duly qualified to publish legal notices and advertisements of Chapter 167 of the Session Laws of 1937; that the ick is hereto attached, was published in said paper ~~consecutively~~

~~consecutive weeks and on each day of each week~~
the paper during the time of publication, and that the notice was paper proper, and not in any supplement, ~~consecutively~~ for ~~weeks consecutively~~ the first publication being on the ~~first~~ of October, 19 48

~~that~~ ~~that~~ ~~that~~; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

PUBLISHER'S BILL

102 lines, one time at \$ 10.20

lines, times, \$

Tax \$

Total \$ 10.20

Received payment,

By

Will Henderson
Editor

Subscribed and sworn to before me this 15th

day of October, A.D., 1948

Anna K. Ormaber

Notary Public

My Commission expires

June 14, 1949

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

F. B. Rigdon, being first duly sworn,
on oath says:

That he is publisher of the Daily Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, State of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of this state wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in a supplement thereof on the dates as follows, to-wit:

Oct. 15....., 1948
....., 19.....
....., 19.....
....., 19.....

that the cost of publication is \$7.50,
and that payment therefor has been made
and will be assessed as court costs.

F. B. Rigdon

Subscribed and sworn to before me this

15 day of October, 1948

Jay B. King
Notary Public.

My commission expires July 1, 1950

Oct. 15.
NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearing to be held October 28, 1948, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico.
STATE OF NEW MEXICO TO:
All named parties in the following cases, and notice to the public:
CASE 161
In the matter of application of Magnolia Petroleum Company for an order approving a proposed unit agreement for the development and operation of the Cass Ranch Unit Area consisting of 10,230.27 acres situated in Townships 19 and 20 South, Ranges 23 and 24 East, N.M.P.M. in Eddy County, New Mexico.
CASE 162
In the matter of the application of the New Mexico Oil Conservation Commission upon its motion at the suggestion of the Lea County Operators Committee that Paragraph "G" of Section 2 of Commission Order 637 known as the State Wide Proration Order be amended so as to read as follows:
(g) At the beginning of each calendar month, the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month. Where any well is completed between the first and last day of the calendar month, its unit shall be assigned an allowable in accordance with whether such unit is marginal or non-marginal, beginning at 7 A.M., on the date of completion and for the remainder of that calendar month.
CASE 164
In the matter of the application of Grayburg Oil Company of New Mexico, and Western Production Company, Inc., for an order granting permission to unitize certain tracts within the boundaries of the Grayburg Cooperative and Unit Area, in Township 17 South, Ranges 29 and 30 East, N.M.P.M., in the Grayburg-Jackson Pool of Eddy County, New Mexico, for proration and allowable purposes. Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on October 13, 1948.
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
By R. R. Spurrier
R. R. SPURRIER, Secretary

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea

I, Robert L. Summers

Of the Hobbs Daily News-Sun, a
daily newspaper published at Hobbs,
New Mexico, do solemnly swear that
the clipping attached hereto was
published once a week in the regular
and entire issue of said paper, and
not in a supplement thereof for a

period of _____

One Issue weeks.

beginning with the issue dated _____

October 15, 19 48

and ending with the issue dated _____

19
Robert L. Summers
Publisher.

Sworn and subscribed to before me

this 18th day of _____

October 19 48.

Nellie Jones
Notary Public.

My commission expires _____

January 7, 19 51
(Seal)

This newspaper is duly qualified
to publish legal notices or ad-
vertisements within the mean-
ing of Section 3, Chapter 167,
Laws of 1937, and payment of
fees for said publication has
been made.

LEGAL NOTICES

Oct. 15, 1948 NOTICE OF PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

The State of New Mexico by its
Oil Conservation Commission here-
by gives notice, pursuant to law,
of the following public hearing to
be held October 28, 1948, begin-
ning at 10:00 o'clock A. M. on
that day in the City of Santa Fe,
New Mexico.

STATE OF NEW MEXICO

TO:

All named parties in the fol-
lowing cases, and notice to
the public:

CASE 160

In the matter of application of
Phillips Petroleum Company,
Bartlesville, Oklahoma for ex-
ception to Order No. 72, effec-
tive August 1, 1937, amending
Order No. 52 and for an order
authorizing a central tank bat-
tery for certain leases in Sec-
tion 32, Township 12 South,
Range 32 East, Lea County,
New Mexico.

CASE 162

In the matter of the application
of the New Mexico Oil Conser-
vation Commission upon its own
motion at the suggestion of the
Lea County Operators Commit-
tee that Paragraph "C" of Sec-
tion 2 of Commission Order 637
known as the State Wide Pro-
ration Order be amended so as
to read as follows:

(g) At the beginning of each
calendar month, the distribu-
tion or proration to the res-
pective units in each pool
shall be changed in order to
take into account all new
wells which have been com-
pleted and were not in the
proration schedule during the
previous calendar month.
Where any well is completed
between the first and last day
of the calendar month, its
unit shall be assigned an al-
lowable in accordance with
whether such unit is margin-
al or non-marginal, beginning
at 7 A. M., on the date of
completion and for the re-
mainder of that calendar
month.

Given under the seal of the Oil
Conservation Commission of New
Mexico at Santa Fe, New Mexico,
on October 18, 1948.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

By R. R. SPURRIER,
Secretary.

February 15, 1949

Mr. Glenn Staley
Lee County Operators Committee
Banner Eye
Hobbs, New Mexico

Dear Mr. Staley:

We enclose herewith, signed copy of Case No. 162, Order No. 798,
dated November 19, 1948, for your records.

Very truly yours,

R. R. Spurrier
Secretary and Director

RHS:law
encl.

February 15, 1949

Oil Conservation Commission
P. O. Box 1545
Hobbs, New Mexico

Gentlemen:

We enclose herewith, copy of Case No. 162, Order No. 798, dated November 19, 1948, for your records.

Very truly yours,

R. R. Spurrier
Secretary and Director

HRS:baw
encl.

February 15, 1949

Oil Conservation Commission
205 Becker Building
Artesia, New Mexico

Gentlemen:

We enclose herewith, copy of Case No. 162, Order No. 798, dated November 19, 1948, for your records.

Very truly yours,

R. R. Spurrier
Secretary and Director

RRS:baw
encl.

NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

NOV 22 1948

4 November 1948

TO ALL OPERATORS:

By reason of the provisions of Order # 798 (Case 162) the Commission hereby places the authority and the responsibility with its deputy, Glenn Staley, of the Proration office for placing all wells, in limiting gas-oil ratio pools, on the proration schedule effective upon the 1 December 1948. Provided, that any well which is proven to produce from a formation not common to the oil producing wells of the pool, may be moved from the schedule upon satisfactory showing to the Commission.

Such well, if it is not included in a recognized pool, will be referred to the Nomenclature Committee for recommendation to the Commission.

The burden of proof shall be upon the interested operator.

OIL CONSERVATION COMMISSION

/s/ R. R. SPURRIER
DIRECTOR

LEA COUNTY OPERATORS COMMITTEE
HOBBS, NEW MEXICO
November 18, 1948

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

13 October 1948

The Roswell Dispatch
Roswell, New Mexico

RE: Case 162 - Notice of Publication

Gentlemen:

Please publish the enclosed notice once, immediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment please submit statement in duplicate, accompanied by voucher executed in duplicate. The necessary blanks are enclosed.

Very truly yours,

ERS:bsp

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearing to be held October 28, 1948, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico, in the House of Representatives.

CASE 162

* In the matter of the application of the New Mexico Oil Conservation Commission upon its motion at the suggestion of the Lea County Operators Committee that Paragraph "G" of Section 2 of Commission Order 637 known as the State Wide Proration Order be amended so as to read as follows:

- (g) At the beginning of each calendar month, the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month. Where any well is completed between the first and last day of the calendar month, its unit shall be assigned an allowable in accordance with whether such unit is marginal or non-marginal, beginning at 7 A.M., on the date of completion and for the remainder of that calendar month.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on October 13, 1948.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

By R. R. Spurrier
R. R. SPURRIER, Secretary

LEA COUNTY OPERATORS COMMITTEE

DRAWER I

HOBBS, NEW MEXICO

October 8, 1948

162
order 798

Mr. George Graham, Attorney
Oil Conservation Commission
c/o State Land Office
Santa Fe, New Mexico

Dear George:

This is to supplement our discussion regarding the date on which new wells should be given an allowable under State-wide Proration Order #637.

I am suggesting that paragraph "G" under Section 2, of said Order, be changed to read as follows:

- (g) At the beginning of each calendar month, the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month. Where any well is completed between the first and last day of the calendar month, its unit shall be assigned an allowable in accordance with whether such unit is marginal or non-marginal, beginning at 7 A.M., on the date of completion and for the remainder of that calendar month.

If this change is made it would automatically eliminate the necessity of issuing an order number for the mid-month schedule. The State-wide Order number would cover the period from 7 A.M. on the first of the month to 7 A.M. the first of the following month.

Yours very truly,


Glenn Staley

CGS:gi

cc: J. O. Seth
G. H. Card
R. R. Spurrier

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. 162
ORDER NO. 798

IN THE MATTER OF THE APPLICATION OF THE
NEW MEXICO OIL CONSERVATION COMMISSION
UPON ITS MOTION AT THE SUGGESTION OF THE
LEA COUNTY OPERATORS COMMITTEE THAT PARA-
GRAPH "G" OF SECTION 2 OF COMMISSION ORDER
637 KNOWN AS THE STATE WIDE PRORATION ORDER
BE AMENDED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A.M., October 28, 1948, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 19th day of November, 1948, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises;

IT IS THEREFORE ORDERED that:

The order herein shall be known as:

THE STATE-WIDE PRORATION ORDER
(with deep-pool adaptation)

1. (a) i. The unit of proration shall consist of 40 acres or lot in accordance with the legal sub-divisions of the United States Public Lands Surveys, on which is at least one producing well. No well shall be drilled closer to any unit boundary line than 330 feet or less than 660 feet from any other well except upon petition, notice and hearing as provided by law, provided such unorthodox well location will create neither waste nor hazards conducive to waste.

(a) ii. Where, however, a given proration unit appears to be underlain by more than one pool, each a separate common reservoir, and it is sought to produce from more than one such pool, no well shall be drilled and completed in the same pool closer to the unit boundary line than 330 feet nor less than 660 feet from any other well completed in the same pool. In these cases, within the discretion of the Commission, wells may have a surface proximity closer to each other than 660 feet to permit twinning, tripping, and so on in accordance with the number of such pools lying above or below the other. In any case in this paragraph mentioned, in addition to the information now required in Form C-101, Notice of Intention to Drill, there must also be shown in said notice the distance of the proposed location from any other well nearer on the surface than 660 feet.

(b) A marginal unit is a unit that will not produce the top unit allowable for the pool.

(c) A non-marginal unit is a unit that will produce the top unit allowable for the pool.

(d) The top unit allowables in accordance with various depth ranges to be used for the purpose of making allocations to the respective pools and for the purpose of distributing or prorating the pool allocations to the units within the pool, except for those pools having proration plans of their own, shall be as defined in the computation for making allocations to pools as set forth in Section 2 hereinbelow.

(e) The normal unit allowable to be used for the purpose of computing the top unit allowables for each of several ranges of depth shall be as defined in Section 2(c) hereinbelow.

(f) The proration month shall be the calendar month which shall begin at 7 A.M., on the first day of such month.

2. (a) The total allowable for pools in Lea, Eddy and Chaves Counties shall be in terms of total barrels daily for each calendar month and shall be allocated to the respective pools by the following computation:

(b) From the total allowable shall be deducted the sum of the allowables for all marginal units. The remainder shall be divided among the non-marginal units in a proportion as set forth in Section 2(c).

(c) Top unit allowables shall be calculated for each of several ranges of depth in the following proportions:

<u>Pool Depth Range</u>	<u>Proportional Factor</u>
From 0 to 5000'	1.00
Below 5000 to 6000'	1.33
Below 6000 to 7000'	1.77
Below 7000 to 8000'	2.33
Below 8000 to 9000'	3.00
Below 9000 to 10,000'	3.77
Below 10,000 to 11,000'	4.67
Below 11,000 to 12,000'	5.67

(Figures subject to change as in Section 5)

The calculation of the respective top unit allowables for each pool depth range shall be made in the following manner: Multiply the number of non-marginal units within each depth range by the above corresponding proportional factors (subject to Section 4). Add all of the products so obtained. Divide this total of the products into the total allocation for all non-marginal units. The quotient thus obtained shall be the normal unit allowable. Top unit allowables for each range of depth shall then be determined by multiplying the normal unit allowable for the proportional factor for each depth range as set out in the table hereinabove: any fraction of a barrel shall be regarded as a full barrel for both normal and top unit allowables.

(d) The top unit allowables so determined in Section 2(c) shall be assigned to the respective pools in accordance with each pool's depth range. The sum of all marginal units plus the sum of the top unit allowables for all non-marginal units in each pool shall constitute the allocation for each pool. In the event that the normal unit allowable as calculated in Section 2(c) is found to be less than 30 barrels per day for any month, the top allowable for the depth range from 0 to 5000 feet shall be set at 30 barrels per day and a corrected top allowable shall be computed for all other depth ranges below 5,000 feet by the following formulae:

(1) Corrected top allowable = top allowable times correction factor.

(2) Correction factor =
$$\frac{(B-30U)}{(30 - N) U \div (B - 30U)}$$

Where:

B = Total allocation to Lea, Eddy and Chaves Counties, non-marginal units.

N = Normal unit allowable as calculated in Section 2(c)

U = Number of non-marginal units within the depth range of 0 to 5,000 feet.

The allocation for each pool shall then be computed as described hereinabove, using the corrected top allowables in the place of the top allowables.

(The figure 30 as used in this section is subject to change as in Section 5)

(e) The depth classification for each pool shall be determined from the depth of the first well measured to the top of the producing formation. In the event the casing is set into or through the producing formation, the depth to the casing shoe or the top perforation in the casing, whichever is the highest, shall be the assumed top of the formation for purposes of determining the depth. When such depth classification for a pool has been established, all non-marginal units in that pool shall have the same top unit allowable.

(f) Thereupon the allocation to each pool shall in turn be prorated or distributed to the respective units in each pool in accordance with the proration plan of the particular pool where any such plan exists. Where no proration plan for any pool exists, then the pool allocation shall be distributed or prorated to the respective marginal and non-marginal units therein as determined hereinabove.

(g) At the beginning of each calendar month, the distribution or proration to the respective units in each pool shall be changed in order to take into account all new wells which have been completed and were not in the proration schedule during the previous calendar month. Where any well is completed between the first and last day of the calendar month, its unit shall be assigned an allowable in accordance with whether such unit is marginal or non-marginal, beginning at 7 A.M., on the date of completion and for the remainder of that calendar month.

3. For convenience, pools with depth range from 0 to 5000 feet may be referred to as "ordinary pools" and the allowables computed for proration units therein, as "ordinary pool" allowables; and pools with depth range below 5000 feet may be referred to as "deep pools" and the allowables computed for proration units there, as "deep pool" allowables - notwithstanding the fact that the allowable for any proration unit may be marginal or non-marginal for the particular pool in accordance with pool depth range.

4. No proration unit in any pool with pool depth range below 5000 feet shall have both a deep pool allowable and a bonus discovery allowable, by reason of Order 573, at the same time. At the operator's option the operator may either waive such bonus allowable so as to permit the deep pool allowable; or the operator may first make full use of any such bonus allowable to which he may be entitled before receiving a deep pool allowable. In case of the latter alternative, the deep pool allowable shall be calculated as for an ordinary pool allowable pending the making use of such bonus allowable.

5. Any of the figures in Section 2(c) and Section 2(d) is subject to revision to prevent waste, to meet changed conditions, and to preclude inequities, upon petition and hearing as provided by law; however, the Commission retains jurisdiction of this case for the purpose of providing in executive session an equitable proportional factor in Section 2(c) applicable to any pool that may be discovered at any depth range below 12,000'.

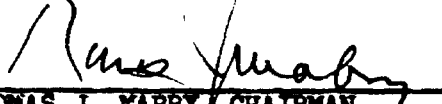
6. Pools in counties other than Lea, Eddy and Chaves, shall be permitted to produce their market demand as long as such can be done without waste, until production in such other counties is deemed sufficient to warrant proration determinable by hearing as provided by law.

7. The Order herein replaces Order No. 538, State-Wide Proration Order, and Order No. 413, Eddy County Fields Proration Order. Order No. 235, the Proration Schedule Order, is retained as supplemental to the order herein.

This order shall become effective on November 19, 1948.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


THOMAS J. MABRY, CHAIRMAN


GUY SHEPARD, MEMBER


R. R. SPURRIER, SECRETARY