

CASE 3381: Application of TENNECO
for an exception to RULE 15,
ORDER NO. R-2397, Lea County.

ASE No.

3381

Application,

Transcripts,

Mail Exhibits

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 9, 1966

EXAMINER HEARING

IN THE MATTER OF:

Application of Tenneco Oil Company for an
Exception to Rule 15, Order No. R-2397,
Lea County, New Mexico.

Case No. 3381

BEFORE:

Elvis A. Utz, Gas Engineer

TRANSCRIPT OF HEARING



NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOREGISTERHEARING DATE MARCH 9, 1966TIME: 9 A.M.

| NAME: | REPRESENTING: | LOCATION: |
|-------------------|-----------------------------|----------------|
| A. Y. Lewis Jr | Union Oil Co | Kearnell, N.M. |
| Chas. W. Browning | Union Oil Co. of Calif. | Midland, Texas |
| L. B. Jordan | Union Oil Co. of Calif. | Kearnell, N.M. |
| MARVIN L. ZOLLER | Union Oil Co. of Calif. | Midland, Texas |
| John D. Russell | " | Bowell, N.M. |
| Nina DuValme | P.W. Byrnes | Santa Fe, N.M. |
| A.L. Porter, Jr | OCC | Santa Fe, N.M. |
| Glen C. Zuh | Sumner Oil Co | Midland, Tex. |
| Lee Parks | Singel International Oil Co | Midland, Texas |

MR. UTZ: The hearing will come to order, please.
The first case on the docket will be 3381.

MR. DURRETT: Application of Tenneco Oil Company for
an exception to Rule 15, Order No. R-2397, Lea County, New
Mexico.

MR. UTZ: Are there appearances in this case?

MR. HINKLE: Clarence Hinkle appearing on behalf of
Tenneco. We have one witness and two exhibits. We would like
to have the witness sworn.

(Witness sworn.)

(Whereupon Applicant's Exhibits
1 and 2 marked for identification.)

MR. HINKLE: We would like to file a substitute
application, I've revised the application. It was in letter
form to start with, by Tennaco, and due to the fact that in the
letter asking for the hearing that it did not specifically set
forth Rule 15, I have redrafted the application and that's
substantially the only change in it.

A L A N C. T E E L, a witness, having been first duly sworn
on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, please?

A Alan C. Teel.

Q By whom are you employed?

A Tenneco Oil Company.

Q In what capacity?

A As a Petroleum Engineer.

Q Where are you located?

A Midland, Texas.

Q Have you previously testified before the Commission?

A I have.

Q Are your qualifications as a matter of record with the Commission?

A That's correct.

Q Are you familiar with the development in the Double-X Delaware Pool--

A Yes, sir.

Q --and all the wells that have been drilled in that area?

A Yes, sir.

Q Are you familiar with the application that has been filed?

A Yes, sir.

Q What is Tenneco seeking to do by this application?

A We are asking for an exception to Rule 15 of the Field Rules allowing us to continue to produce this gas well at a reduced rate rather than complete shut in.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1213 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO

Q Have you prepared a plat of the Double-X Delaware Pool showing the location of the gas well which you have referred to and the acreage which is dedicated to that well?

A Yes, sir, I have, and it's submitted as Exhibit 1.

Q Refer to that Exhibit and explain what it shows.

A All right. This shows the leases and wells there in the Double-X Delaware Field, and I have outlined in red the 80 acre allocation which is dedicated to that particular gas well which is the U.S. Smelting Number 2.

Q When was this well completed?

A This well was completed in 19--late '62 or '63. It was not put on production until September 11, 1964.

Q How have you produced the gas from this particular well?

A Well, there was no market in this field for gas wells as such, and the only market obtainable in the gas from the field was low pressure cashinghead gas market from Phillips Petroleum Company, and so we are using the Number 2 gas well to gas lift the Number 5 well on the lease.

Q Is this the only gas well in the pool?

A No, there's one other, Jennings Number 1 in Section 14.

Q Is this producing out of the Cap?

A It is.

Q Why did you select the Number 5 well to use to produce

it with the gas?

A We were unable to keep a pump in the hole on that Number 5 well due to sand conditions and it was impossible to produce the Number 5 Well by the use of an insert rod pump.

Q Explain to the Commission just how you have used the gas from the Number 2 gas well to produce the oil from Number 5, and the way the gas has been metered and so forth?

A There was a line laid from the 2 to Number 5 and a meter installed in that line for purposes of metering the gas, and the gas is injected into the casing annulus in the 5 to lift the fluid production from the 5 at which time the gas is co-mingled from the Number 5 and separated out in the lease separation facilities.

MR. UTZ: You do meter the gas?

THE WITNESS: Yes, sir, it is metered into the Number 5.

Q (By Mr. Hinkle) Then it goes from Number 5 to the Phillips Casinghead Plant?

A Right.

Q Have you made a schedule or tabulation of the gas production from the Number 2 Well?

A Yes, sir, I have.

Q Refer to Tenneco's Exhibit 2 and explain that to the Commission.

A Exhibit 2 shows the production by months of the gas from the Number 2 gas well, as well as calculated allowables based on 80 and 160 acres, and this was from the time the well was first put on production from 1964 through January of this year.

Q You also show here what you could have produced on an 80 acre allowable basis and a 160 acre allowable basis?

A That's correct.

Q And there's only 80 acres dedicated to this gas well?

A That's true.

Q Although the field rules allow 160?

A That's correct.

Q Based on 80 acre allowable how much has the well over-produced as of this time?

A Through the end of December the cumulative over-production was 38,407,000 cubic feet.

Q How much oil is the Number 5 well producing at the present time?

A The Number 5 well makes 6 barrels of oil per day.

Q Does it make water with it?

A Yes, fairly high percentage.

Q You have to produce--

A 40 barrels of water a day.

Q You have to make 46 barrels of fluid a day?

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

1213 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO

A Yes, sir.

Q How much gas would it take to continue production at its present rate in the Number 5 well?

A We think that the minimum amount of gas that we can use there daily and still produce the fluid with no loss of oil production would be approximately 80 MCF per day.

Q How much lower than the normal 80 acre allowable would that be for the gas well?

A That's approximately a half allowable.

Q Do you have any recommendations or requests to make to the Commission with respect to the continued production of gas from this well and using it for lifting oil from Number 5?

A In order to prevent a complete shut in of Number 5 and a loss of oil production we would like to ask the Commission's permission to produce this at a half allowable until this over-production of 38,000 MCF is made up.

Q Do you have any estimate as to the length of time it would require to absorb your over-production?

A At the present allowable rate that would take between 12 and 16 months.

Q If the gas well is completely shut in what would be the consequences?

A I think the consequences would be--of course, first we cannot produce the Number 5 well, and it's our opinion that the

A Yes, sir.

Q How much gas would it take to continue production at its present rate in the Number 5 well?

A We think that the minimum amount of gas that we can use there daily and still produce the fluid with no loss of oil production would be approximately 80 MCF per day.

Q How much lower than the normal 80 acre allowable would that be for the gas well?

A That's approximately a half allowable.

Q Do you have any recommendations or requests to make to the Commission with respect to the continued production of gas from this well and using it for lifting oil from Number 5?

A In order to prevent a complete shut in of Number 5 and a loss of oil production we would like to ask the Commission's permission to produce this at a half allowable until this over-production of 38,000 MCF is made up.

Q Do you have any estimate as to the length of time it would require to absorb your over-production?

A At the present allowable rate that would take between 12 and 16 months.

Q If the gas well is completely shut in what would be the consequences?

A I think the consequences would be--of course, first we cannot produce the Number 5 well, and it's our opinion that the

Number 5 well would be completely lost and would ultimately result in the plugging and abandonment of the Number 5 well.

Q Do you have anything else that you would like to present to the Commission in respect to this application?

A No, sir, not at this time.

MR. HINKLE: We offer in evidence Exhibits 1 and 2.

(Whereupon, Applicant's Exhibits 1 and 2 offered into evidence.)

MR. UTZ: If there are no objections the Exhibits 1 and 2 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits 1 and 2 admitted into evidence.)

CROSS-EXAMINATION

BY MR. UTZ:

Q Mr. Teel, I also made a tabulation of your status of this well and I find that we're not together and I wouldn't swear that my figures are correct but at any rate I think we're close enough to where it can be reconciled. What was your estimate as to your average allowable?

A The average allowable of the Number 5 well?

Q No, the Number 2 well?

A The Number 2 gas well is--its been running about 4500 or 4,500 MCF per month, that's on an 80 acre dedication.

Q Yes, sir. You show an over-production of 38,407 and I made a calculation based on 47,303 over-production. I also

estimated 45,080. I come up with the well being ten months over-produced at the time so it seems to me it would be 20 months getting back in balance?

A That was purely an estimate on my part.

Q You now say that 2400 is about what you will need to gas lift the Number 5?

A Yes, sir.

Q I noticed on your C-111 that you've been filing, you've been averaging 7,000 out of the well?

A Yes, sir, this was a mistake on our part in what they thought the allowable for the well was.

Q What was the reason that we over-produced this well over such a long period of time, somebody just dropped the ball behind the goal line or something?

A Yes, sir. We were under the impression that the well had approximately a 300 MCF per day allowable.

MR. HINKLE: How did you get that impression?

THE WITNESS: Well, the only allowable supplements received was for the first two months of the well's production at which time the Commission sent us this notification of the allowable to be assigned to the well which indicated 306 MCF per day.

Q (By Mr. Utz) How did they make that calculation?

A We didn't know exactly, sir, and it was a mistake on

our part, I assumed that we did not question what they assigned to us.

Q This must be on a 160 acre basis?

A I would assume so, now, yes.

Q According to our records you did file an 80 acre plat in August of '64?

A Yes, sir, we did.

MR. HINKLE: Has this well been carried on the proration schedule?

THE WITNESS: It is on the schedule but only showed as a gas well and does not actually show a number on the schedule.

MR. HINKLE: I didn't say that, do you know?

THE WITNESS: No, sir, this was something that we weren't quite sure of either.

MR. UTZ: In the near future this well as well as some other wells that have been handled in this manner will be on the gas proration schedule with the correct allowable. Are there other questions of the witness?

CROSS-EXAMINATION

BY MR. DURRETT:

Q Mr. Teel, does your, I guess it's Number 2, the gas well, does it make any oil now?

A No, sir, it's never made any liquids.

Q You're wanting to use it and you have been using it

for the Number 5, is that the well in the Southeast of the Southeast of the Number 2?

A Yes, sir, the one shown as Number 5 there.

Q And do I understand correctly that your position is that the oil won't be recovered from Number 5 if you're not able to use this gas to lift it?

A Well, prior to our developing a casinghead gas market out there and thereby being able to produce a Number 2 gas well we had to put the 1, 3, 4 and 5 wells on the lease on pump in order to produce the oil wells, and by virtue of the amount of water to that, the Number 5 Well makes--it was making a considerable amount of sand. We couldn't keep a pump in the hole, it would cut out and stop up with sand, so that we just couldn't keep it on production. By gas lift we have had no problem. We periodically have to clean sand out and we feel this is the only feasible means to produce the well.

Q Do you anticipate that you will want to use the gas in this well to lift the Number 3, 4 and 1 on the same lease?

A We discussed this possibility and at the present time Number 5 is the only one that makes a sufficient amount of water to cause any appreciable sand problems, so we would anticipate at such time as water encroachment would produce water and sand we would have production problems with the Number 3 Well and we would anticipate at that time that we have

also gotten back in balance on our gas production and will be again allowed to produce on the 80 acre allowable of the 160 MCF per day, that this would allow us to produce the 3 and 5 well by this means but we have not made that change yet.

Q But as far as right now you feel like 80 MCF a day would be adequate to lift the well?

A Yes, sir.

Q Thank you.

RECROSS-EXAMINATION

BY MR. UTZ:

Q Is it your contention that the Number 5 Well is in the same formation as the Number 2 Well?

A Yes, it is.

MR. UTZ: Any other questions? Witness may be excused. Call Case 3382.

I N D E X

| <u>WITNESS</u> | <u>PAGE</u> |
|----------------------------------|-------------|
| ALAN C. TEEL | |
| Direct Examination by Mr. Hinkle | 2 |
| Cross-Examination by Mr. Utz | 8 |
| Cross-Examination by Mr. Durrett | 10 |
| Recross-Examination by Mr. Utz | 12 |

E X H I B I T S

| <u>NUMBER</u> | <u>MARKED FOR IDENTIFICATION</u> | <u>OFFERED</u> | <u>ADMITTED</u> |
|---------------|--------------------------------------|----------------|-----------------|
| Applt's. 1 | 2 | 8 | 8 |
| Applt's. 2 | 2 | 8 | 8 |

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1213 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO


STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

I, BOBBY J. DAVIS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 1st day of April, 1966.

Bobby J. Davis
NOTARY PUBLIC

My Commission Expires:
March 13, 1969.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the above hearing of Case No. 3387,
hearing no. 1, May 9, 1966.

_____, Examiner
New Mexico Oil Conservation Commission

State of New Mexico
Oil Conservation Commission



P. O. BOX 2088
SANTA FE

Other _____

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. 3381
Order No. R-3049

APPLICATION OF TENNECO OIL COMPANY
FOR AN EXCEPTION TO RULE 15, ORDER
NO. R-2397, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 9, 1966,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 16th day of March, 1966, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Tenneco Oil Company, seeks an excep-
tion to the shut-in provisions of Rule 15 of Order No. R-2397 to
produce up to one-half the monthly allowable assigned to its U.S.
Smelting USA Well No. 2 located in Unit E of Section 22, Township
24 South, Range 32 East, NMPM, Double-X Delaware Pool, Lea County,
New Mexico.

(3) That the applicant proposes to utilize said gas to gas
lift its U.S. Smelting USA Well No. 5 located in Unit P of said
Section 22.

(4) That approval of the subject application will permit
the recovery of otherwise unrecoverable oil, thereby preventing
waste.

-2-

CASE No. 3381
Order No. R-3049

IT IS THEREFORE ORDERED:

(1) That the applicant, Tenneco Oil Company, is hereby granted an exception to the shut-in provisions of Rule 15 of Order No. R-2397 to produce up to one-half the monthly allowable assigned to its U.S. Smelting USA Well No. 2 located in Unit E of Section 22, Township 24 South, Range 32 East, NMPM, Double-X Delaware Pool, Lea County, New Mexico.

(2) That the gas production authorized by this order shall be utilized to gas lift the applicant's U.S. Smelting USA Well No. 3 located in Unit F of said Section 22.

(3) That the authority granted under this order shall be effective as of March 1, 1966, and shall terminate when a Notice of Release of Shut In for the U.S. Smelting USA Well No. 2 is issued by the Commission.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

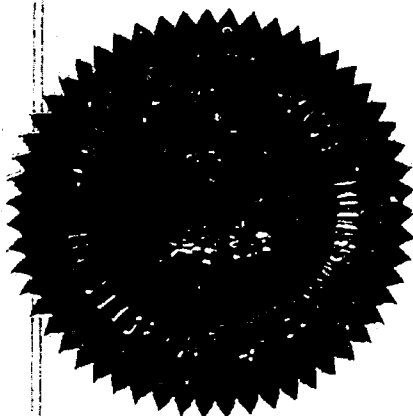
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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



ear/

Case. 33 81

Reand. 3-8-66

Rec. 3-9-66

1. Grant Dennis relief from complete shut-in for their N. S. Smithing N.S.A. #R-E 22-24-32, Double X - Delaware Associates Pool. Allow them to produce no more than 50% of the assigned allowable.
 2. Gas to be used only for gas lifting their #5 well which well would have to be abandoned if gas was not available for gas lifting. Thereby causing waste.
- Thos. G. Kelly

up to 1/2 of the allowable assigned each month until the ~~potential~~ ^{potential} is in balance. All overproduction has been made up.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 9, 1966

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3381: Application of Tenneco Oil Company for an exception to Rule 15, Order No. R-2397, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 15, Order No. R-2397, special rules for the Double-X Delaware Pool, for its U. S. Smelting USA Well No. 2, located in Unit E of Section 22, Township 24 South, Range 32 East, Lea County, New Mexico, to permit said well to make up overproduction of gas at a lesser rate than complete shut in, in order that gas may be used from said to gas-lift another well on the same lease.

CASE 3382: Application of Union Oil Company of California for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Hapache Unit Area comprising 4480 acres, more or less, of Federal and State lands in Township 22 South, Range 22 East, Eddy County, New Mexico.

CASE 3204: (Reopened)
In the matter of Case No. 3204 being reopened pursuant to the provisions of Order No. R-2872, which order established 80-acre spacing units for the Morton-Lower Wolfcamp Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 3206: (Reopened)
In the matter of Case No. 3206 being reopened pursuant to the provisions of Order No. R-2874, which order established 160 acre spacing for the High Plains-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 80-acre or 40-acre spacing units.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Application of Tenneco Oil Company
for an exception to Rule 15 of
Order R-2397 adopting temporary
operating rules for the Double X
Delaware Pool, Lea County, New
Mexico

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Comes Tenneco Oil Company, acting by and through the under-
signed attorneys, Hinkle, Bondurant & Christy, and hereby makes
application for an exception to Rule 15 of Order R-2397 adopting
temporary operating rules for the Double X Delaware Pool, Lea
County, New Mexico, and in support thereof respectfully shows:

1. That Rule 15 of Order R-2397 adopting temporary operating
rules for the Double X Delaware Pool provides as follows:

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


That applicant's well designated as U.S. Smelting Well No. 2
located in Unit E of Section 22, Township 24 South, Range 32 East,
Lea County, New Mexico is in an overproduced status due to the fact
that gas from the well is utilized to gas lift well No. 5 on the
same lease prior to being sold into Phillips low pressure casinghead

gas gathering system. An exception is desired to Rule 15 to prevent the well from being completely shut-in so that oil may continue to be produced from well No. 5; otherwise, there will be complete loss of oil production from the No. 5 well.

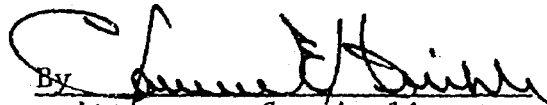
2. That this matter be heard at the next examiner's hearing.

Respectfully submitted,

TENNECO OIL COMPANY

By 
Attorney

HINKLE, BONDURANT & CHRISTY

By 
Attorneys for Applicant
Box 10
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 2720
Order No. R-2397

APPLICATION OF TENNECO OIL COMPANY
FOR SPECIAL RULES AND REGULATIONS
GOVERNING WELLS IN THE DOUBLE-X
DELAWARE POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 6, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26th day of December, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 the applicant, Tenneco Oil Company, seeks the promulgation of special rules and regulations for the Double-X Delaware Pool, Lea County, New Mexico, including a provision for 40-acre oil proration units, a system for classification of a well as a gas well, and a provision for 160-acre units for wells so classified.

(3) That the evidence presented concerning the reservoir characteristics of the subject pool indicates that the gas area can be efficiently and economically drained and developed on 160-acre proration units, and that the oil area can be efficiently and economically drained and developed on 40-acre proration units.

(4) That the reservoir characteristics of the subject pool justify the definition of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(5) That the gas-liquid ratio limitation for the Double-X Delaware Pool should be 2,000 cubic feet of gas per barrel of liquid hydrocarbons produced, and that an oil well should be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool. That a gas well should be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by 2,000 and by a fraction, the numerator of which would be the number of acres dedicated to the particular gas well and the denominator of which would be 40.

(6) That appropriate provisions should be made for any gas well which has an underproduced or an overproduced status as of the end of a gas proration period.

(7) That the subject application should be granted and temporary rules established for a period of one year during which time further information should be gathered and presented to the Commission at an examiner hearing during the month of January, 1964.

IT IS THEREFORE ORDERED:

(1) That Temporary Special Rules and Regulations for the Double-X Delaware Pool are hereby established as follows, effective January 1, 1963.

TEMPORARY SPECIAL RULES AND REGULATIONS
FOR THE
DOUBLE-X DELAWARE POOL

RULE 1. Each well completed or recompleted in the Delaware formation within the boundary of the Double-X Delaware Pool or within one mile thereof, and not nearer to or within the boundaries of another designated Delaware pool, shall be drilled, spaced, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well completed or recompleted in the Double-X Delaware Pool shall be located on a tract consisting of approximately 160 acres which may reasonably be presumed to be productive of gas from said pool, and which shall comprise a single governmental quarter section, being a legal subdivision of the United States Public Lands Survey. For purposes of these rules, a unit consisting of between 158 and 162 contiguous surface acres shall be considered a standard gas unit.

RULE 2. (b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a

variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit consists of contiguous quarter-quarter sections or lots.
- (2) The non-standard unit consists of not more than 162 acres and lies wholly within a single governmental quarter section.
- (3) The entire non-standard unit may reasonably be presumed to be productive of gas from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators, and from all operators owning interests in the quarter section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.
- (5) In lieu of Paragraph 4 of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

RULE 2. (c) The District Supervisor shall have authority to approve non-standard gas proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of less than 158 contiguous surface acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

RULE 2. (d) The allowable assigned to any non-standard gas proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 160 acres.

RULE 3. Each oil well completed or recompleted in the Double-X Delaware Pool shall be located on a unit containing approximately 40 acres, which may reasonably be presumed to be productive of oil from said pool, and which consists of a single governmental quarter-quarter section. For purposes of these rules, a unit consisting of between 39½ and 40½ contiguous surface acres shall be considered a standard unit.

RULE 4. Each well, oil or gas, completed or recompleted in the Double-X Delaware Pool shall be located no nearer than 330 feet to any quarter-quarter section line.

RULE 5. A well in the Double-X Delaware Pool shall be classified as a gas well if it has a gas-liquid ratio of

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

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

RULE 7. Any oil well in the Double-X Delaware Pool which has 40 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by 2,000, the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from said wells in any proportion.

Any gas well in the Double-X Delaware Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by 2,000 and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a 160-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

RULE 8. The operator of each newly completed well in the Double-X Delaware Pool shall cause a gas-liquid ratio test to be taken on said well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Provided further, that any well which is shut-in shall be exempted from the aforesaid gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce or 60 days after the effective date of this order, whichever is later. Any operator that desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying it. The

Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests.

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

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

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

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

RULE 12. The dates 7 o'clock a.m. January the first and 7 o'clock a.m. July the first shall be known as balancing dates, and the periods of time bounded by these dates shall be known as the gas proration periods for the Double-X Delaware Pool.

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry

such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

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

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

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

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

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

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

-7-

CASE No. 2720
Order No. R-2397

RULE 20. Failure to comply with any provision of this order or the rules contained herein shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

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

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

(2) That all operators in the Double-X Delaware Pool shall, prior to January 15, 1963, file with the Commission Form C-128, Well Location and Acreage Dedication Plat, for each well in said pool, showing thereon the acreage being dedicated to said well. Operators shall also take new gas-oil ratio tests on all wells and file the results thereof with the Commission on Commission Form C-116 prior to February 1, 1963. For purposes of testing wells at the allowable rate authorized by these rules, the daily tolerance provision of Commission Rule 502 I is hereby waived.

(3) That this case shall be reopened at an examiner hearing in January, 1964, at which time the applicant and all interested parties shall present information concerning the reservoir characteristics of the subject pool and the effectiveness of the temporary rules and regulations established by this order.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

TOM BOLACK, Chairman

S E A L

E. S. WALKER, Member

esr/

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

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. 2720
Order No. R-2397-A

APPLICATION OF TENNECO OIL COMPANY
FOR SPECIAL RULES AND REGULATIONS
GOVERNING WELLS IN THE DOUBLE-X
DELAWARE POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 8, 1964, at Santa Fe, New Mexico, before Examiner Daniel
S. Nutter.

NOW, on this 13th day of January, 1964, the Commission, a
quorum being present, having considered the testimony, the record
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

- (1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.
- (2) That this case has been reopened pursuant to the provi-
sions of Order No. R-2397.
- (3) That the applicant, Tenneco Oil Company, has requested
minor revisions in the Temporary Special Rules and Regulations for
the Double-X Delaware Pool.
- (4) That the applicant has requested that said rules and
regulations be made permanent.
- (5) That there has been no change in conditions that will
justify revision of the Temporary Special Rules and Regulations
at this time.
- (6) That although the Temporary Special Rules and Regula-
tions should be continued in effect for an additional one-year
period in order to evaluate the reservoir characteristics of the
subject pool and assure prevention of waste and protection of

-2-

CASE No. 2720

Order No. R-2397-A

correlative rights during the period of evaluation, said rules should not be made permanent at this time.

IT IS THEREFORE ORDERED:

(1) That the Temporary Special Rules and Regulations for the Double-X Delaware Pool promulgated by Order No. R-2397 are hereby continued in full force and effect for an additional one-year period.

(2) That this case shall be reopened at an examiner hearing in January, 1965, to allow the applicant and all interested parties to present evidence concerning the reservoir characteristics of the subject pool and the prevention of waste and the protection of correlative rights as affected by the Special Rules and Regulations for the Double-X Delaware Pool.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

S E A L

esr/

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. 2720
Order No. R-2397-B

APPLICATION OF TENNECO OIL COMPANY
FOR SPECIAL RULES AND REGULATIONS
GOVERNING WELLS IN THE DOUBLE-X
DELAWARE POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 6, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of January, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That this case has been reopened pursuant to the provisions of Order No. R-2397-A.

(3) That the applicant, Tenneco Oil Company, has requested that the Temporary Special Rules and Regulations for the Double-X Delaware Pool be extended for an additional one-year period.

(4) That the Temporary Special Rules and Regulations should be continued in effect for an additional one-year period in order to evaluate the reservoir characteristics of the subject pool and assure prevention of waste and protection of correlative rights during the period of evaluation.

-2-

CASE No. 2720

Order No. R-2397-B

IT IS THEREFORE ORDERED:

(1) That the Temporary Special Rules and Regulations for the Double-X Delaware Pool promulgated by Orders No. R-2397 and No. R-2397-A are hereby continued in full force and effect for an additional one-year period.

(2) That this case shall be reopened at an examiner hearing in January, 1966, to allow the applicant and all interested parties to present evidence concerning the reservoir characteristics of the subject pool and the prevention of waste and the protection of correlative rights as affected by the Special Rules and Regulations for the Double-X Delaware Pool.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPDELL, Chairman

GUYTON B. HAYS, Member

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

S E A L

esr/

W. J. Sullivan

22-21-32

1965-1966

COLUMN
WRITER

1965

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

1966

Jan

March 1965

124

125

126

127

128

129

130

131

132

133

134

135

136

137

138

139

140

141

142

143

144

145

146

147

148

149

150

151

152

153

154

155

156

157

158

159

160

161

162

163

164

165

166

167

168

169

170

171

172

173

174

175

3750-

7886-

4514-

1607-

11484-

12524-

7000-

6550-

6180-

5368

9700-

7924-

7575

7575

F
W.F.

NEW MEXICO
OIL CONSERVATION COMMISSION

P. O. BOX 1880
HOBBS, NEW MEXICO

September 1964
246
No.

SUPPLEMENT TO THE OIL PRORATION SCHEDULE

DATE September 23, 1964

PURPOSE: ALLOWABLE ASSIGNMENT (GAS WELL)

Effective September 11, 1964, an allowable of 306 MCF per day or
a total of 6120 MCF for the month is hereby assigned to the Tenneco
Oil Company, U. S. Smelting USA, 2-E, 22-24-32, Undesignated Location.
DOUBLE X DELAWARE EXTENSION.

JDR/eb

Tenneco

Tenneco

OIL CONSERVATION COMMISSION


SUPERVISOR, DISTRICT NO. 1

OPERATOR'S COPY

F
W.F.

NEW MEXICO
OIL CONSERVATION COMMISSION

P. O. BOX 1980
HOBBS, NEW MEXICO

October, 1964

No. 2

SUPPLEMENT TO THE OIL PRORATION SCHEDULE

DATE October 1, 1964

PURPOSE: ALLOWABLE ASSIGNMENT (SECOND MONTH) (GAS WELL)

Effective October 1, 1964, an allowable of 306 MCF per day or a total of 9486 MCF for the month is hereby assigned to the Tenneco Oil Company, U. S. Smelting USA, 2-E, 22-24-32, Undesignated Location.

DOUBLE X DELAWARE EXTENSION

JDR/vho

Tenneco

Tenneco

OIL CONSERVATION COMMISSION


SUPERVISOR, DISTRICT NO. 1

OPERATOR'S COPY



MAIN OFFICE 000

TENNECO OIL COMPANY • P. O. BOX 1031 • 1800 WILCO BUILDING • MIDLAND, TEXAS 79701

FEB 16 10 12 AM '66

February 16, 1966

3381

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

Attention: Mr. A. L. Porter, Jr.

RE: U. S. Smelting-USA LC062269A
Well No. 2-E 22 24 32
Double X-Delaware Pool
Lea County, New Mexico

Gentlemen:

Tenneco Oil Company respectfully requests that a hearing be set for the purpose of obtaining relief of complete shut-in of the captioned gas well, as discussed in Mr. Utz's letter of February 7, 1966, to Mr. J. J. Lacey.

Gas from this well is utilized to gas-lift well #5 on the same lease prior to being sold into Phillips low-pressure casinghead gas gathering system. A complete shut-in of this #2 gas well would not permit the production of the #5 oil well resulting in loss of oil production.

Yours very truly,

TENNECO OIL COMPANY

A. W. Lang
District Production Superintendent

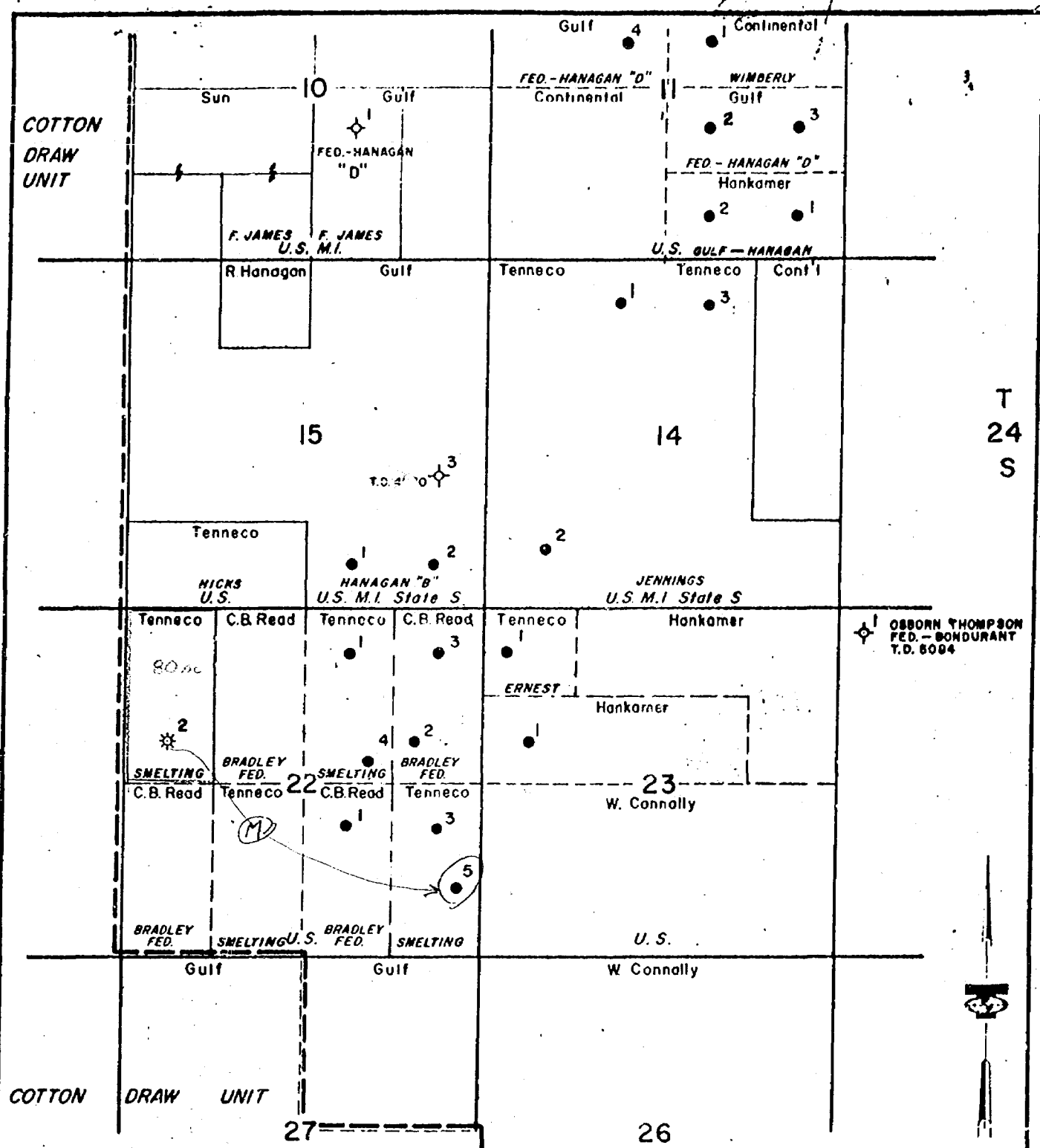
ACT:pt

cc: J. D. Moon

DOCKET MAILED

Date 2-25-66

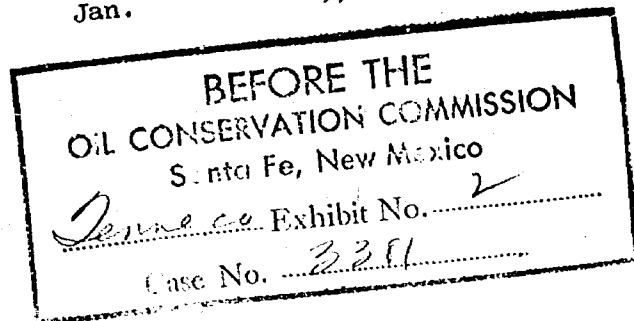
COTTON
DRAW
UNIT



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Tenneco Exhibit No. 1
Case No. 3381

TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO CORPORATION
DOUBLE X DELAWARE POOL
LEA COUNTY, NEW MEXICO
2000 1000 0 SCALE IN FEET 2000 4000
HOBBS, NEW MEXICO R.E.C.

| SMELTING NO. 2 - DOUBLE X DELAWARE POOL | | | | | |
|---|-------------------|--------------------|----------|------------------------------|-------------------------------|
| | 80-ACRE ALLOW. | 160-ACRE ALLOW. | PROD-MCF | 80-ACRE OVER / UNDER - | 160-ACRE OVER / UNDER - |
| <u>1964</u> | | | | | |
| Sept. | 3,060 | 6,120 MCF | 1,410 | -1,650 | -4,710 |
| Oct. | 4,743 | 9,486 MCF | 3,577 | -1,166 | -5,909 |
| Nov. | 4,560 | 9,120 | 5,416 | + 856 | -3,704 |
| Dec. | 4,836 | 9,672 | 3,720 | -1,116 | -5,952 |
| 1964 Tot & Cum. | 17,199 | 34,398 | 14,123 | -3,076 | -20,275 |
| <u>1965</u> | | | | | |
| Jan. | 4,960 | 9,920 | 3,750 | -1,210 | -6,170 |
| Feb. | 4,480 | 8,960 | 7,886 | +3,406 | -1,074 |
| Mar. | 4,836 | 9,672 | 4,514 | - 322 | -5,158 |
| Apr. | 4,560 | 9,120 | 9,607 | +5,047 | + 487 |
| May | 4,712 | 9,424 | 11,464 | +6,752 | +2,040 |
| June | 4,440 | 8,880 | 12,524 | +8,084 | +3,644 |
| July | 4,588 | 9,176 | 7,000 | +2,412 | -2,176 |
| Aug. | 4,588 | 9,176 | 6,850 | +2,262 | -2,326 |
| Sept. | 4,440 | 8,880 | 6,480 | +2,040 | -2,400 |
| Oct. | 4,712 | 9,424 | 9,740 | +5,028 | + 316 |
| Nov. | 4,680 | 9,360 | 9,700 | +5,020 | + 340 |
| Dec. | 4,960 | 9,920 | 7,924 | +2,964 | -1,996 |
| 1965 Total | 55,956 | 111,912 | 97,439 | +41,483 | +14,473 |
| Cumulative | 73,155 | 146,310 | 111,562 | +38,407 | -34,748 |
| <u>1966</u> | | | | | |
| Jan. | 5,208 | 10,416 MCF | 5,934 | + 725 | |



~~well #5~~

Oilfield, Texas
Lease 17 Grant B. 2397
Jenneco Inc. - Smetling Co.
2 E 22-24-32 E SW NW 1/4
group from Double X Pool.
Well relief from complete
S.D. - ordered to P.D.L.
Oil from well # 5 on same
lease. Cause loss prod from
5 oil well.