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A.K.C.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

ORDER NO. A-85

STATEWIDE OIL PRORATION ORDER FOR DECEMBER, 1956

The Oil Conservation Commission held public hearing at Santa Fe, New Mexico, on November 13, 1956, at 9 a.m., pursuant to legal notice for the purpose of setting the allowable production of oil within the State of New Mexico for the month of December, 1956, and now on this day the Commission, a quorum being present, having considered the testimony adduced as to probable market demand, the nominations of purchasers, the capacities of producing wells, together with the anticipated newly completed or recompleted wells, and being otherwise fully advised in the premises,

FINDS:

1. The reasonable market demand for oil produced in the State of New Mexico for the month of December, 1956, is 296,060 barrels per day, which total includes 10,000 barrels as supplemental allowable for new production during the proration period, and 2108 barrels per day for allowable to be assigned to those wells which are eligible for back allowable, in accordance with the provisions of Rule 503, Paragraph (f) of the Commission's Rules and Regulations.
2. The potential producing capacity of all oil wells in the state is in excess of such reasonable market demand, and in order to prevent waste the production of oil should be limited, allocated and distributed for the month of December, 1956.
3. That all the producing oil wells, together with the expected completed or recompleted wells in the state within the proration period, can produce a total of 296,060 barrels per day without causing waste, and an allocation based upon such production would be reasonable and protect correlative rights.
4. Of the total production of oil for the month of December, 1956, approximately 2602 barrels per day can and will be produced from the oil pools in San Juan, Rio Arriba, McKinley, and Sandoval Counties.
5. That the balance of the total oil production for the state in December, 1956, in the amount of 293,458 barrels per day can be produced without waste by a distribution and allocation for such production among the oil wells in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, by the establishment of a normal unit allowable of 40 barrels per unit per day.
6. That applications for back allowable in the amount of 261,398 barrels of oil have been received by the Commission, said back allowable being applied for in accordance with Rule 503 (f) as a result of 122,348 barrels of underproduction incurred during the month of April, 1956, and 139,050 barrels of underproduction incurred during the month of May, 1956, due to pipeline prorationing resulting from a Cities Service Oil Company refinery strike.

7. That of the aforesaid back allowable in the amount of 261,398 barrels which was applied for in accordance with the appropriate Commission Rules, 9452 barrels was for underproduction incurred by M. A. Machris due to pipeline prorating in the Townsend Wolfcamp Pool during April and May, 1956; further, that all of the aforesaid 9452 barrels of back allowable applied for by M. A. Machris has previously been authorized for production by M. A. Machris during the months of July, August, September, and October, 1956.

Further, that of the 251,946 barrels of back allowable applied for by various other operators in various other pools, 91/122 of 251,946, or 187,927 barrels has previously been authorized for production during the months of September, October, and November, 1956. And further that consideration of the applications for the remaining 64,019 barrels of back allowable was deferred until a later date.

8. That of the aforesaid back allowable in the amount of 64,019 barrels which was applied for in accordance with the appropriate Commission Rules but consideration for the authorization thereof deferred, 31/122 of 251,946, or 64,019 barrels should be authorized for production during December, 1956, by various operators in various pools in the proportion that their applications bear to 251,946, which figure is the total number of barrels of back allowable applied for by said various operators in various pools in accordance with Rule 503 (f).

9. That by Order R-900, dated October 15, 1956, the Commission authorized Amerada Petroleum Corporation to make application for certain back allowable in exception to the 30-day requirement of Rule 503 (f). Further, that the Commission did subsequently receive back allowable applications totalling 3992 barrels for underproduction incurred by said Amerada Petroleum Corporation on its M. J. Raley "A" Lease due to pipeline prorating in the North Warren-McKee Pool during the months of April and May, 1956.

10. That of the aforesaid applied-for back allowable in the amount of 3992 barrels, 30/92 of 3992, or 1302 barrels has previously been authorized for production by Amerada Petroleum Corporation from its M. J. Raley "A" Lease in the North Warren-McKee Pool during November, 1956, and further that consideration of the remaining 2690 barrels of back allowable was deferred until a later date.

11. That of the aforesaid back allowable in the amount of 2690 barrels which was applied for in accordance with the provisions of Order R-900 but consideration for the authorization thereof deferred, 31/92 of 3992 or 1345 barrels should be authorized for production by Amerada Petroleum Corporation from its M. J. Raley "A" Lease in the North Warren-McKee Pool during December, 1956.

IT IS THEREFORE ORDERED:

1. For the month of December, 1956, a normal unit allowable for production of oil in the allocated pools within Lea, Eddy, Chaves, and Roosevelt Counties, be, and the same hereby is set at 40 barrels per unit per day; provided that each well in

the Knowles Pool in Lea County, New Mexico, under 80-acre spacing Order R-40 (except as amended by Order R-52) is allocated 80 barrels per 80 acres, with deep-pool adaptation. The allocation hereby set for said month in the allocated pools of Lea, Eddy, and Chaves Counties, New Mexico shall be in accordance with Rules 502, 505 and 506 of the Commission's Rules and Regulations, and subject to and as modified by any valid orders of the Commission relating directly to any well, areas, or pools and the assignment of allowable thereto.

2. A proration schedule, duly prepared by the Commission and thereafter adopted, for the month of December, 1956, is hereto attached and made a part hereof. Said proration schedule distributes and allocates the allowable production among the oil wells in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, for the period stated. The sale, purchase or acquisition, or the transporting, refining, processing, or handling in any other way of oil produced in excess thereof is hereby prohibited, and such oil is thereafter contraband.


IT IS FURTHER ORDERED:

A supplemental proration schedule duly prepared by the Commission and thereafter adopted for the month of December, 1956, is hereto attached and made a part hereof. It distributes and allocates a total of 2108 barrels of oil per day among certain oil wells in Lea and Chaves Counties, New Mexico for the period stated. The oil wells listed in this supplemental proration schedule are those wells which incurred underproduction as a result of pipeline prorationing during the months of April and May, 1956.

The foregoing order shall remain effective until further order of the Commission.

DONE at Santa Fe, New Mexico, this 12th day of November, 1956.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


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

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