

Entered January 3, 1958  
M.V.

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. 1353  
Order No. R-1104

IN THE MATTER OF THE HEARING UPON  
THE MOTION OF THE OIL CONSERVATION  
COMMISSION TO PERMIT ALL OPERATORS  
IN SAN JUAN, RIO ARRIBA, SANDOVAL  
AND MCKINLEY COUNTIES, NEW MEXICO,  
TO APPEAR AND SHOW CAUSE WHY ANY  
WELL OR WELLS IN THAT AREA SHOULD  
BE GRANTED AN EXCEPTION TO OIL  
PRORATIONING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 18, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 24<sup>th</sup> day of December, 1957, the Commission, a quorum being present, having considered 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.

LPG TEST PROJECT, BISTI-LOWER GALLUP OIL POOL

(2) That Sunray Mid-Continent Oil Company made an appearance in this case on behalf of itself, British-American Oil Company, and Phillips Petroleum Company.

(3) That Sunray Mid-Continent Oil Company was authorized by Order No. R-1027, issued August 17, 1957, to institute a pilot liquefied petroleum gas and dry gas injection program in the Bisti-Lower Gallup Oil Pool.

(4) That the following producing oil wells are within the pilot area, to-wit:

British-American Oil Company Marye No. 1 Well  
located in the NE/4 NE/4 Section 1, Township  
25 North, Range 13 West;

Sunray Mid-Continent Oil Company Federal C No. 1  
Well located in the NW/4 NW/4 Section 6, Township  
25 North, Range 12 West;

Sunray Mid-Continent Oil Company Federal C No. 2  
Well, located in the SW/4 SW/4 Section 31, Township  
26 North, Range 12 West;

Phillips Petroleum Company Hospah No. 1-A Well,  
located in the SE/4 SE/4 Section 36, Township 26  
North, Range 13 West,

all in San Juan County, New Mexico.

(5) That the applicant contends that the above-described wells should be granted an exception to oil prorationing on the grounds that the said pilot liquefied petroleum gas and dry gas injection project must be evaluated within the shortest time possible if the project is to be successfully expanded throughout the remainder of the Bisti-Lower Gallup Oil Pool.

(6) That if the aforementioned pilot liquefied petroleum gas and dry gas injection project is successfully expanded throughout the remainder of the Bisti-Lower Gallup Oil Pool, large quantities of oil will be produced which would not otherwise be recovered.

(7) That the above-described wells should be granted an exception to oil prorationing in the interest of conservation and the prevention of underground waste of crude petroleum oil; provided, however, that the total allowable for all of said wells should not exceed 600 barrels of oil per day.

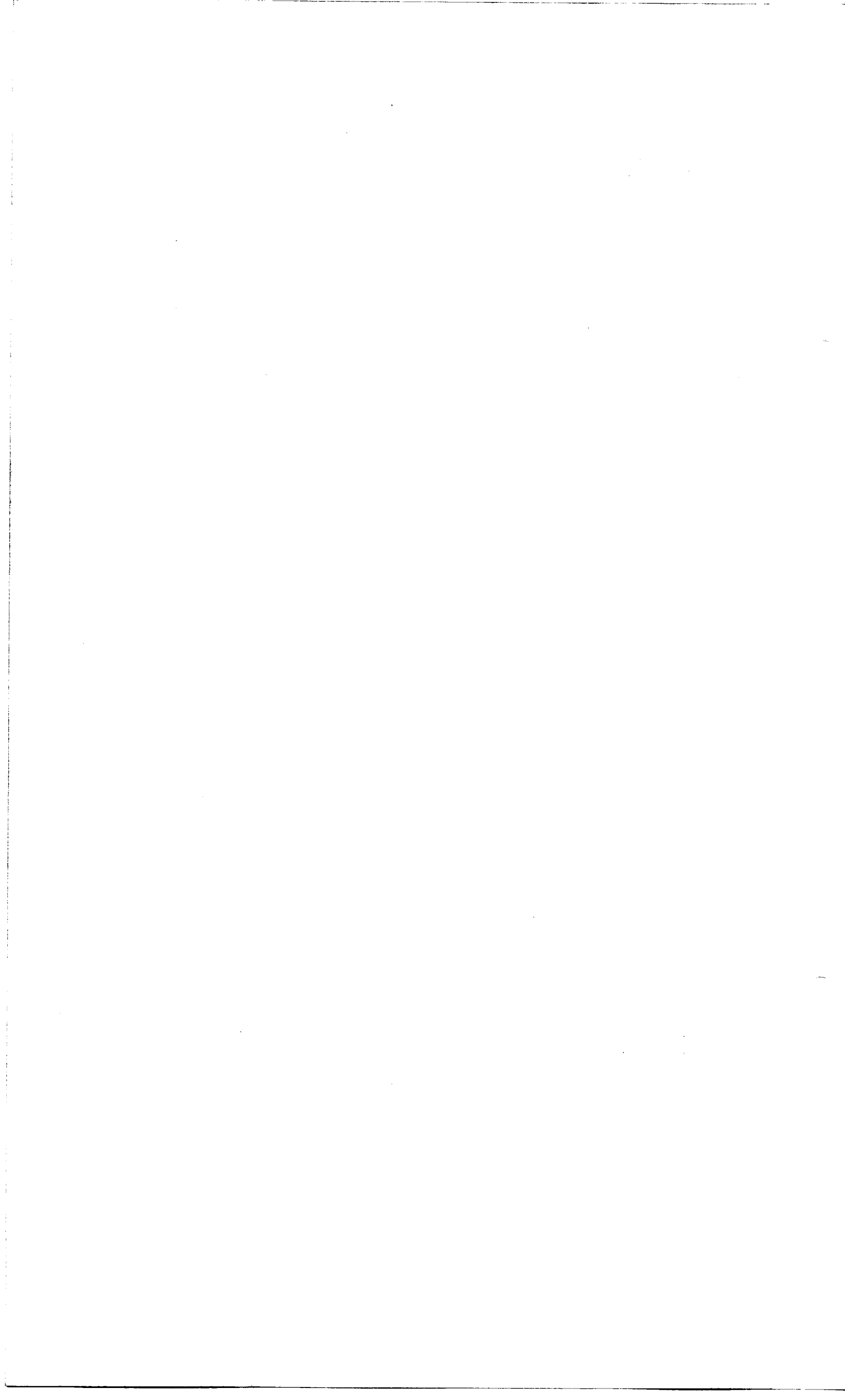
(8) That the operators of the above-described wells should file Form C-127 for each of said wells every month, setting forth thereon the amount of oil which is to be produced from said wells during the next succeeding month.

PRESSURE MAINTENANCE PROJECT, SOUTH BLANCO-TOCITO OIL POOL

(9) That Lowry, et al., Operating Account made an appearance in this case.

(10) That Lowry, et al., Operating Account was authorized by Order R-349, dated July 27, 1953, to institute a pilot pressure maintenance program by means of water injection in the South Blanco-Tocito Oil Pool, in Rio Arriba County, New Mexico, and that the Commission authorized the extension of said pilot project by Order No. R-532, dated October 4, 1954, and Order No. R-664, dated July 14, 1955.

(11) That Lowry, et al., Operating Account has eleven oil wells which are presently producing oil from the South Blanco-Tocito Oil Pool and that Texas National Petroleum Company has three oil wells which are presently producing oil from the South Blanco-Tocito Oil Pool, to-wit:



Lowry, et al., Federal T Well T-109 located in  
Unit M Section 3, Township 26 North, Range 6 West;

Lowry, et al., Federal N Well T-123 located in  
Unit B Section 7, Township 26 North, Range 6 West;

Lowry, et al., Federal A Well T-125 located in Unit  
D Section 8, Township 26 North, Range 6 West;

Lowry, et al., Federal A Well T-127 located in Unit  
B Section 8, Township 26 North, Range 6 West;

Lowry, et al., Federal A Well T-129 located in Unit  
D Section 9, Township 26 North, Range 6 West;

Lowry, et al., Federal A Well T-132 located in Unit  
A Section 9, Township 26 North, Range 6 West;

Lowry, et al., Federal A Well T-177 located in Unit  
L Section 9, Township 26 North, Range 6 West;

Lowry, et al., Federal A Well T-179 located in Unit  
J Section 9, Township 26 North, Range 6 West;

Lowry, et al., Federal A Well T-182 located in Unit  
K Section 10, Township 26 North, Range 6 West;

Lowry, et al., Federal A Well T-185 located in Unit  
L Section 11, Township 26 North, Range 6 West;

Lowry, et al., Federal A Well T-207 located in Unit  
O Section 10, Township 26 North, Range 6 West;

Texas National Petroleum Company Rincon Unit Well  
No. 6 located in Unit P Section 6, Township 26 North,  
Range 6 West;

Texas National Petroleum Company Rincon Unit Well  
No. 11 located in Unit N Section 6, Township 26  
North, Range 6 West;

Texas National Petroleum Company Rincon Unit Well  
No. 20 located in Unit F Section 6, Township 26  
North, Range 6 West;

(12) That Lowry, et al., Operating Account proposes that all of the above-described Texas National Petroleum Company wells and the Lowry T-123 Well and Lowry T-125 Well be prorated under the regular monthly allowable orders for Northwestern New Mexico without any exception whatsoever.

(13) That Lowry, et al., Operating Account further proposes that the nine remaining Lowry Wells be granted an exemption from prorationing.

(14) That Lowry, et al., Operating Account has failed to prove that the curtailment of production from the aforementioned pressure maintenance project would adversely affect the success of said project.

(15) That all wells in the South Blanco-Tocito Oil Pool should be prorated on the basis of 80-acre spacing as provided in Order R-326 and that said wells should be granted an 80-acre proportional factor for the 6000 to 7000 foot range in which they are completed.

(16) That the imposition of the gas-oil ratio limitation, as provided in Rule 506 of the Commission Rules and Regulations, in the South Blanco-Tocito Oil Pool would cause an undue hardship on the operators in said pool at the present time.

(17) That the gas-oil ratio limitation imposed by Rule 506 should be suspended in the South Blanco-Tocito Oil Pool until March 31, 1958, and that the operators in the said pool should appear at the Commission's Regular Hearing March 13, 1958, to present evidence as to the proper limiting gas-oil ratio for the South Blanco-Tocito Pool.

(18) That the water injection wells should also be assigned an allowable in the manner outlined above and that Lowry, et al, Operating Account should be authorized to transfer said allowable to any or all of the nine wells mentioned above.

#### HOSPAH OIL POOL

(19) That Texas Calgary Company made an appearance in this case.

(20) That Texas Calgary Company is the owner and operator of all wells in the Hospah Oil Pool in McKinley County, New Mexico.

(21) That the present market demand for oil in Northwest New Mexico is such that many individual wells in the Hospah Oil Pool would be assigned an allowable of less than 10 barrels of oil per day if prorated in accordance with the standard proration formula for the area.

(22) That Texas Calgary Company contends that the Hospah Oil Pool should be exempt from oil prorationing on the grounds that said pool is in a "stripper" stage and that any curtailment of production will cause the ultimate loss of recoverable oil due to the fact that said pool has an active water drive producing mechanism which will cause the wells to be flooded out if they are shut in.

(23) That underground waste may occur if the individual well production in the Hospah Oil Pool is restricted below 10 barrels of oil per day.

(24) That a minimum per well allowable of 10 barrels of oil per day should be established for all wells in the Hospah Oil Pool.

IT IS THEREFORE ORDERED:

LPG TEST PROJECT, BISTI-LOWER GALLUP OIL POOL

1. That the following described wells be and the same are hereby granted an exception to oil prorationing, provided however, that the cumulative allowables for said wells shall not exceed 600 barrels of oil per day, to-wit:

British-American Oil Company Marye No. 1 Well,  
located in the NE/4 NE/4 Section 1, Township 25  
North, Range 13 West;

Sunray Mid-Continent Oil Company Federal C No. 1  
Well, located in the NW/4 NW/4 Section 6, Township  
25 North, Range 12 West;

Sunray Mid-Continent Oil Company Federal C No. 2  
Well, located in the SW/4 SW/4 Section 31, Township  
26 North, Range 12 West;

Phillips Petroleum Company Hospah No. 1-A Well,  
located in the SE/4 SE/4 Section 36, Township 26  
North, Range 13 West,

all in San Juan County, New Mexico.

PRESSURE MAINTENANCE PROJECT, SOUTH BLANCO-TOCITO OIL POOL

2. That the application of Lowry, et al., Operating Account for exemption from prorationing for the nine wells herein-above described be and the same is hereby denied.

a. That all wells in the South Blanco-Tocito Oil Pool be prorated on the basis of 80-acre spacing as provided in Order R-326, and that said wells be granted an 80-acre proportional factor for the 6000 to 7000 foot range.

That each well through which water is being injected into the South Blanco-Tocito Oil Pool be assigned an allowable in the manner outlined herein and that Lowry, et al., Operating Account be and the same is hereby authorized to transfer said allowable(s) to any or all of its wells in the South Blanco-Tocito Oil Pool.

b. That the Gas-Oil Ratio Limitation provided by Rule 506 of the Commission Rules and Regulations be and the same is hereby suspended in the South Blanco-Tocito Oil Pool until March 31, 1958. Further that a case be called for hearing on March 13, 1958, at which time the operators in the said pool may appear and show cause why the provisions of Rule 506 should not be imposed in the South Blanco-Tocito Oil Pool.

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3. That all proration units in the Hospah Oil Pool be prorated in accordance with the standard proration formula for Northwestern New Mexico;

PROVIDED HOWEVER, That no well shall be assigned an allowable of less than 10 barrels of oil per day, except that wells with producing capacity of less than 10 barrels of oil per day shall be assigned an allowable equal to their respective producing capacities.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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

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