

*Entered January 15, 1963*  
*JLP*

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.

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(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

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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  $39\frac{1}{2}$  and  $40\frac{1}{2}$  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

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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.

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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*  
TOM BOLACK, Chairman

*E. S. Walker*  
E. S. WALKER, Member

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

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