

Entered June 25, 1971
A. J. P.

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. 4552
Order No. R-4159

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION UPON
ITS OWN MOTION TO CONSIDER THE AMENDMENT
OF RULE 506 OF THE COMMISSION RULES AND
REGULATIONS BY DELETING THEREFROM THE PROVI-
SION THAT ALL GAS PRODUCED WITH THE CURRENT OIL
ALLOWABLE DETERMINED IN ACCORDANCE WITH RULE 506
SHALL BE DEEMED TO HAVE BEEN LAWFULLY PRODUCED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 16, 1971,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of June, 1971, 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 subparagraph (2) of Rule 506 of the New Mexico Oil
Conservation Commission Rules and Regulations provides that any
unit containing a well or wells producing from a reservoir
which contains both oil and gas shall be permitted to produce
only that volume of gas equivalent to the applicable limiting
gas-oil ratio multiplied by the top unit allowable currently
assigned to the pool.

(3) That subparagraph (4) of Rule 506 of the New Mexico
Oil Conservation Commission Rules and Regulations provides that

-2-

CASE NO. 4552
Order No. R-4159

all gas produced with the current oil allowable determined in accordance with Rule 506 shall be deemed to have been lawfully produced.

(4) That as a result of the provision of the above-described subparagraph (4) many wells producing from reservoirs which contain both oil and gas are producing volumes of gas greatly in excess of the volumes of gas authorized by the above-described subparagraph (2).

(5) That the production of gas, from a unit containing a well or wells producing from a reservoir which contains both oil and gas, in excess of that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit allowable currently assigned to the pool causes waste and a violation of correlative rights.

That in order to prevent waste and protect correlative rights Rule 506 of the Commission Rules and Regulations should be amended by deleting therefrom subparagraph (4) which reads as follows:

"(4) All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced."

IT IS THEREFORE ORDERED:

(1) That effective July 1, 1971, Rule 506 of the New Mexico Oil Conservation Commission Rules and Regulations is hereby amended by deleting therefrom subparagraph (4) which reads as follows:

"(4) All gas produced with the current oil allowable determined in accordance with this rule shall be deemed to have been lawfully produced."

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

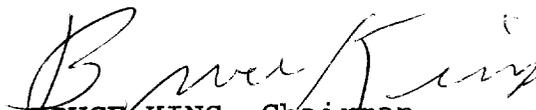
-3-

CASE NO. 4552

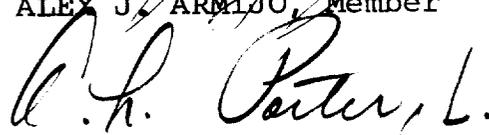
Order No. R-4159

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

S E A L

dr/