

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 902

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

May 18, 1955

IN THE MATTER OF:

Application of the Commission upon its own
motion for an order establishing rules and
procedures in exception to the provisions
of Rule 303 to permit the commingling of
oil from various gas and oil pools in Lea
County, New Mexico, said commingling being
occasioned by the re-classification of wells
located within the oil and gas pools de-
fined by Order R-520.

Case No. 902

Before: Honorable John F. Simms, E. S. (Johnny) Walker, and
William B. Macey.

AFTERNOON SESSION

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 902.

I believe all of you have a copy of the letter which Mr. Porter from
our Hobbs office addressed to me under date of May 14. We will
enter the letter into the record, save reading the letter. .

Mr. Porter, do you have any comments to make on it? If anyone has
any questions to ask Mr. Porter, feel free to do so.

MR. PORTER: I don't have any comments unless there are
questions concerning the proposals in the letter.

MR. MACEY: Anyone have a question of Mr. Porter concerning
the letter that he wrote? Does anyone have any comments or statements
they would like to make in this matter? I realize that there is
a number of serious questions involved as to the possibility of
transferring the allowables between pools. It is something that
we don't particularly like, common tankage or commingling of oils

from various pools, but I can't ignore the fact that a great many of the wells producing into the tank batteries are very marginal wells. Does anyone have a comment in the case?

MR. SWAIM: H. W. Swaim for Continental Oil Company. Continental Oil Company is opposed in principle to commingling of fluids from separate reservoirs unless adequate controls are provided to insure that the allowables of wells in each reservoir are produced as assigned. Rather than solving the matter with a blanket order, we believe it will be to the best interest of conservation and protect correlative rights, that each individual case be presented on its merits after notice and hearing. We would like to point out that the examiner type hearing should be instituted so that matters of this matter can be handled very efficiently.

MR. MACEY: How many instances do you think there will be?

MR. PORTER: I couldn't give you a definite answer on that. We have completed a group of applications on only one pool, that is the South Eunice. On the South Eunice we took a number of wells, I believe in the neighborhood of twenty, and placed them in the Jalmat Pool. I believe there are three or four instances in that small pool where the operator is at present in violation of Rule 303.

The reason for my suggestions for handling this by C-110 was the element of time involved as to how many cases there will be in the major pools affected by the order, I couldn't say.

MR. MACEY: Anyone have anything further? If not we will take the case under advisement.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case 902 were taken by me on May 18, 1955, that the same is a true and correct record to the best of my knowledge, skill and ability.

Ada Dearnley
Reporter

C
O
P
Y

May 14, 1955

Mr. W. B. Macey
Oil Conservation Commission
Santa Fe, New Mexico

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. _____

Re: Case 902

CASE _____

Dear Mr. Macey:

Commission Order R-520 defines the vertical limits of the following oil and gas pools in Lea County, New Mexico; Jalmat, Eumont, Arrow, Arrowhead, Eunice-Monument, South Eunice, Cooper Jal and Langlie Mattix. The vertical limits of some of these pools were changed by this order from those originally established by previous orders. The Commission staff is now in the process of examining the records of all the wells in the above listed pools for the purpose of placing them in pools with vertical limits which correspond to the producing intervals of the individual wells. The result will be that many wells will be taken from the pools in which they are currently prorated and placed in other pools. There will be basic leases on which all wells are presently prorated in the same pool and **producing** into common tankage, which will be affected to the extent that one or more of the wells will remain in that pool while other wells on the lease will be placed in another pool.

In recognition of the fact that the most of the wells thus to be affected, have been producing into common tankage for a considerable period of time, and that the establishment of separate tankage would appear to be an undue expense to the producers, I believe that the Commission would be justified in writing an order whereby an operator, by obtaining approval on form C-110, would be allowed to commingle oil production from two separate pools as defined in Order R-520, provided that all the wells from which the production is obtained are located on the same basic lease. If such an order is deemed advisable, I believe the matter of granting the necessary authority in each case could be handled in the manner described in the next paragraph.

When the records of all the wells in a pool have been examined, a notice will be sent by the Commission to the producers, advising them of any change in pool designation on any well, and instructing them to file form C-110 showing the change in pool designation. If the operator desires to produce a well into common tankage with a well or wells on the same basic lease in another pool, he should insert the following statement on form C-110: "Permission is hereby requested to produce this well into common storage with wells on the same lease currently prorated in _____ pool." The same procedure could be followed in filing form C-110 for newly completed wells. An approved copy of the C-110 would constitute the operator's authority to commingle the oil and the transporter's authority to run it.

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On leases where commingling is practiced under the provisions of such an order, a separate form C-115 should be filed for the wells in each pool, showing the allowable and production by individual wells, but the totals for each lease or tank battery as to storage, production and runs should be consolidated and shown on form C-115 for one pool only, with a notation on the other form C-115 indicating where the totals are shown.

The order should also exempt the transporter from the requirement of separating the runs by wells and pools on "Transporter's and Storer's Report " Form C-112.

Yours very truly,

OIL CONSERVATION COMMISSION

A. L. Porter, Jr.
Proration Manager

ALP/cd

**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. 902
Order No. R-663**

**THE APPLICATION OF THE OIL
CONSERVATION COMMISSION
UPON ITS OWN MOTION FOR AN
ORDER ESTABLISHING RULES AND
PROCEDURES IN EXCEPTION TO THE
PROVISIONS OF RULE 303 TO PERMIT
THE COMMINGLING OF OIL FROM VARIOUS
GAS AND OIL POOLS IN LEA COUNTY, NEW
MEXICO, SAID COMMINGLING BEING OCCASIONED
BY THE RE-CLASSIFICATION OF WELLS LOCATED
WITHIN THE OIL AND GAS POOLS DEFINED BY
ORDER R-520.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on May 18, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 7th day of July, 1955, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

- (1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.
- (2) That Rule 303 of the Commission's Rules and Regulations, Oil Production Operating Practices, provides that each pool shall be produced as a single common reservoir and the commingling or confusion of production from separate and distinct pools prior to marketing shall be prohibited.
- (3) That Commission Order R-520 defines the vertical limits of the Jalmat, Eument, and Arrow Gas Pools, and also defines the vertical limits of the Arrowhead, Eunice-Monument, South Eunice, Cooper-Jal, and Langlie-Mattix Oil Pools.
- (4) That at the present time there are certain basic leases wherein all wells are prorated in the same pool and the production therefrom is produced into a common tankage; and when reclassified such wells will be affected to the extent that one or more wells will remain in the pool in which they are presently classified, while other wells on the same lease will be placed in a different pool.

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Order No. R-663

(4) That for all new wells that are completed or recompleted in one of the aforementioned pools as delineated in Order No. R-520, the provisions of paragraphs (1), (2), and (3) shall apply to permit the commingling of oil from said well or wells with that oil produced from other wells located on the same basic lease. Authority for the operator to commingle such production shall be the approval of the Form C-110 by the Proration Manager as outlined by the provisions of paragraph (3) above.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms

JOHN F. SIMMS, Chairman

E. S. Walker

E. S. WALKER, Member

W. B. Macey

W. B. MACEY, Member and Secretary



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