

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. 36

ORDER NO. **485**

THE PETITION OF THE OPERATORS' COMMITTEE
UNDER MALJAMAR COOPERATIVE REPRESSURING
AGREEMENT, WITH REGARD TO A CERTAIN AREA
WITHIN THE MALJAMAR FIELD, LEA COUNTY, FOR
AN ORDER APPROVING THE FOLLOWING, AND SUCH
OTHER MATTERS AND THINGS INCIDENT THERETO
AS MAY BE REQUIRED BY LAW TO BE APPROVED
BY THE OIL CONSERVATION COMMISSION:
UNITIZATION OF GAS, SELECTION OF KEY OR
IN-PUT WELLS, MANNER OF COMPUTATION AND
COMPENSATION FOR LOSS TO PRORATION UNITS
UPON WHICH ARE LOCATED KEY OR IN-PUT WELLS,
AND THE PROHIBITION OF A TOP ALLOWABLE
EXCEEDING 44 BARRELS PER PRORATION UNIT
PER DAY.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at two o'clock P.M., October 29, 1942, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 14th day of November, 1942, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises, the Commission finds:

FINDINGS

1. That on August 5, 1941, an agreement was made and entered into by and between the parties signatory thereto, an original of which agreement is filed in this case as exhibit A; said agreement having as its general objects and purposes, the following:

(a) The erection and maintenance of a repressuring plant and system, for the purpose of using the natural gas produced from the area subject to the agreement for pressure maintenance, so as to secure the greatest ultimate recovery of oil and gas from such area.

(b) For the erection and maintenance of a natural gasoline plant to be operated in connection with the repressuring plant and system hereinabove referred to.

(c) For the purpose of conducting operations in the area subject to the agreement in such a manner as to provide for the most economical and efficient recovery of oil and gas to the end that the maximum ultimate recovery may be obtained without waste.

2. That said agreement provides for a cooperative area, hereinafter referred to as the cooperative area, and within the boundaries of the cooperative area a somewhat lesser area that is actually committed to said agreement, which lesser area is hereinafter referred to as the committed area. Both of said areas are more particularly described in Section II of the Order herein.

All of the lands within the committed area are under oil and gas lease. All of the leases within the committed area, except the lease covering the E $\frac{1}{2}$ Sec. 16, T. 17S., R. 32E., are issued by the United States under and pursuant to the Act of Congress approved February 25, 1920. The lease covering the said E $\frac{1}{2}$ Sec. 16 was issued by the State of New Mexico, acting by and through its Commissioner of Public Lands. All of said lands being in the area commonly referred to and known as the Maljamar Oil & Gas Field.

It is contemplated by said agreement that other lands within the cooperative area may be committed to said agreement which adjoin the lands which are already committed, with the consent of the parties to said agreement, and where such lands will be benefited by the pressure maintenance operations.

3. That it is the purpose and intention of said agreement to operate the properties subject thereto, in so far as the oil produced is concerned in the same manner as they were operated prior to entering into said agreement; that is to say, each of the respective owners are to operate their properties individually and the oil is to belong to the lease from which produced, and each operator is to market his or its own oil.

In so far as the natural gas produced from the properties subject to the agreement is concerned, all of such gas except the amount used for development purposes or unavoidably lost is to be delivered to the repressuring plant, and after the extraction of the natural gasoline is to be returned to the formation from which oil is being produced in said field.

4. That said repressuring agreement provides for the selection by the parties thereto of a Committee to be known as "The Operators' Committee" for the purpose of carrying out the objects and purposes of the agreement, and for the purpose of operating and maintaining the repressuring plant and system and gasoline plant. That the following representatives of the parties to said agreement have been elected to constitute the Operators' Committee, namely, Emery Carper, Artesia, New Mexico, representing Carper Drilling Company; M. E. Baish, Artesia, New Mexico, representing Maljamar Oil & Gas Corporation; J. B. Steele, representing the Kewanee Oil Company, the latter having acquired its interest from Barney Cockburn after the execution of the repressuring agreement; Barney Cockburn, Lubbock, Texas, representing himself, the Fair Oil Company and Johney Cockburn; J. B. Shaw, representing E. G. Woods.

5. That the Operators' Committee has selected, subject to the approval of the Commission, thirteen in-put wells which have been selected after careful study by engineers, with the view of being the most effective and properly located so as to be of the greatest benefit in maintaining the pressure of the field in the repressuring operations. Said wells are shown on the map of the Maljamar Oil Field filed in this Case as exhibit B, and are more particularly described in Section V of the Order herein.

In addition to the said in-put wells, there is contemplated the selection of other in-put wells within the now committed area and in other areas within the cooperative area as the committed area is extended—a matter necessary for the fuller attainment of the objects and purposes named in Section 1 of the findings herein.

That such in-put wells as may be necessary to be selected from time to time should be submitted by the Operators' Committee to the Commission for approval administratively without the calling of a formal hearing therefor.

6. That sixty percent of the allowable to the proration units upon which are situated the in-put wells should be redistributed to all the other proration units within the committed area capable of producing such additional oil without waste.

7. That the proration units within the committed area should not exceed the production of 44 barrels of oil daily if the current allowable in the future exceeds said amount; subject, however, to the proviso set out in Section VII of the order herein. Such petition should be considered by the Commission administratively without further notice and formal hearing.

IT IS THEREFORE ORDERED:

I. That this project shall hereafter be known as the Maljamar Cooperative Repressuring Agreement.

II. That the cooperative area referred to in Section 2 of the findings herein consists of the following tracts: Sections 14 to 23 inclusive, and Sections 26 to 35, inclusive, in Twp. 17S. Rge. 32E., N.M.P.M., Lea County, New Mexico.

The committed area referred to in Section 2 of the findings herein is described as follows:

The $E\frac{1}{2}$ Sec. 14; $E\frac{1}{2}$ Sec. 16; all Sec. 17, 18, 19, 20, 21, 22, 27, 28, 29 and 30.
The $N\frac{1}{2}$, $N\frac{1}{2}SE\frac{1}{4}$, $NE\frac{1}{4}SW\frac{1}{4}$, $S\frac{1}{2}SW\frac{1}{4}$ Sec. 23;
 $S\frac{1}{2}NW\frac{1}{4}$, $SW\frac{1}{4}$ Sec. 26; $N\frac{1}{2}$, $W\frac{1}{2}SE\frac{1}{4}$, Sec. 31;
 $N\frac{1}{2}$, $SE\frac{1}{4}$ Sec. 33; $NE\frac{1}{4}$, $W\frac{1}{2}NW\frac{1}{4}$ Sec. 34; $W\frac{1}{2}$ Sec. 35, all in Twp. 17S. Rge. 32E., N.M.P.M.

As the committed area within the boundaries of the cooperative area is enlarged as in Section 2 of the findings herein, the Operators' Committee shall notify the Commission promptly in writing as to such enlarged committed area named subject to the approval of the Commission administratively without further notice and formal hearing; provided, however, that any extension of the cooperative area and of the committed area beyond the limits of the cooperative area as set out in Section II of the order herein shall be upon formal petition, notice and hearing as provided by law.

III. There shall be no unitization of oil but the gas shall be utilized in the manner set out in Section 3 of the findings herein.

IV. That the management of said project shall be by the Operators' Committee as set out in Section 4 of the findings herein. Any change of membership of said Operators' Committee should be transmitted promptly in writing to the Commission.

V. That the in-put wells referred to in Section 5 of the findings herein are hereby authorized for use as such and are more particularly described as follows:

Maljamar Oil & Gas Corp.	Wm. Mitchell	B-12	SW $\frac{1}{4}$ SE $\frac{1}{4}$	Sec. 19 - 17S-32E
"	"	B-4	SW $\frac{1}{4}$ SE $\frac{1}{4}$	" 20 " "
"	"	A-8	SW $\frac{1}{4}$ NW $\frac{1}{4}$	" 20 " "
"	Baish	A-8	SW $\frac{1}{4}$ NW $\frac{1}{4}$	" 21 " "
"	"	A-1	NE $\frac{1}{4}$ NE $\frac{1}{4}$	" 21 " "
"	"	B-6	SW $\frac{1}{4}$ SE $\frac{1}{4}$	" 21 " "
Carper Drilling Company	Simon	4-N	SW $\frac{1}{4}$ NW $\frac{1}{4}$	" 29 " "
"	Simon	8-N	SW $\frac{1}{4}$ SE $\frac{1}{4}$	" 29 " "
Kewanee Oil Company		B-15	SW $\frac{1}{4}$ NW $\frac{1}{4}$	" 28 " "
"		B-29	SW $\frac{1}{4}$ SE $\frac{1}{4}$	" 28 " "
"		B-9	SW $\frac{1}{4}$ NW $\frac{1}{4}$	" 27 " "
"		B-11	SW $\frac{1}{4}$ SE $\frac{1}{4}$	" 27 " "
Barney Cockburn	Miller	A-6	SW $\frac{1}{4}$ NW $\frac{1}{4}$	" 26 " "

The selection of other in-put wells within the area committed and for the further area to be committed within the cooperative area described in Section III of the order herein shall be submitted to the Commission for its consideration of approval administratively without further notice and formal hearing thereupon.

VI. That said 13 in-put wells described in Section V of the order herein are hereby assigned the top allowable for one year beginning with the effective date of this order. Thereafter, said in-put wells if further used as such shall have such allowable for such period of time as determined by the Commission administratively; likewise, other in-put wells authorized to be selected as provided in Section V of the order herein shall have such allowable for such period of time as field tests to the Commission may seem advisable.

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Sixty percent of the allowable lost by in-put wells shall be redistributed to all the other top allowable proration units within the committed area by dividing the above mentioned amount lost through the use of the in-put wells by the number of top allowable producing wells in the committed area and the amount so determined would be added to the regular top allowable for each well. If the operators subject to said agreement do not desire to produce such excess allowable during any month the Operators' Committee would in that event notify the Commission before the allowable for such month is fixed and not later than the 25th day of the month preceding.

VII. That the proration units within the committed area shall not exceed the production of 44 barrels of oil daily should the current allowable in the future exceed that amount; subject, however, to the right of the Operators' Committee to petition the Commission administratively, by the 25th day of the month before the fixing of any monthly allowable, to change or modify such maximum allowable for the committed area.

VIII. That this order shall become effective on the first day of the proration month next succeeding the month in which said Order is adopted.

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

OIL CONSERVATION COMMISSION


JOHN E. MILES, CHAIRMAN

H. R. RODGERS, MEMBER


JOHN M. KELLY, SECRETARY