

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. 23

ORDER NO. 339

THE PETITION OF THE OPERATORS COMMITTEE  
FOR THE OPERATORS IN THE LOCO HILLS  
POOL IN EDDY COUNTY, IN CONNECTION WITH  
THE PROPOSAL OF A COLLECTIVE PRESSURE  
MAINTENANCE PROGRAM FOR SAID POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at two o'clock P.M., December 11, 1940 at Santa Fe, New Mexico.

NOW, on this 28th day of January, 1941, 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:

F I N D I N G S

1. That the Loco Hills oil and gas field in Eddy County, New Mexico, which is referred to in the amended petition, should be re-defined as including the following tracts of land:

Township 17 South, Range 29 East:  $S\frac{1}{2}S\frac{1}{2}$  of Section 32,  $S\frac{1}{2}SW\frac{1}{4}$  of Section 35, and  $S\frac{1}{2}$  of Section 36.

Township 17 South, Range 30 East:  $NE\frac{1}{4}NE\frac{1}{4}$ ,  $S\frac{1}{2}N\frac{1}{2}$ , and  $S\frac{1}{2}$  of Section 31, and  $W\frac{1}{2}$  and  $W\frac{1}{2}E\frac{1}{4}$  of Section 32.

Township 18 South, Range 29 East: All of Sections 1, 2, 3, 4, 5 and  $E\frac{1}{2}$  of Section 6, all of Sections 8, 9, 10, 11,  $N\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}NE\frac{1}{4}$ ,  $SE\frac{1}{4}$  of Section 12,  $N\frac{1}{2}N\frac{1}{2}$  of Section 14,  $NE\frac{1}{4}NE\frac{1}{4}$ ,  $N\frac{1}{2}NW\frac{1}{4}$  of Section 15,  $N\frac{1}{2}$  of Section 16, and the  $N\frac{1}{2}$  of Section 17.

Township 18 South, Range 30 East:  $N\frac{1}{2}NW\frac{1}{4}$  of Section 5, all of Section 6, and  $W\frac{1}{2}$  of Section 7.

2. That the plan for conserving the reservoir energy in the said Loco Hills Field as proposed in the amended petition is a proper and necessary plan in its general aspects for the prevention of waste and the conservation of the natural resources of the State.

3. That in the operation of the said conservation plan it is advisable that producing oil wells be used for the purpose of returning waste gas to the oil-bearing formations. During the period of such use it will not be possible for such wells to produce their allowable amount of oil and the owners of such wells will be permitted to produce such lost allowable from any other well or wells on owner's lease.

4. That the two gas wells referred to in the amended petition if permitted to produce, would produce natural gas from an oil-bearing formation, and the production of gas from such wells will therefore result in a decrease of reservoir energy. It is essential to the success of the proposed conservation plan that no wells capable of producing gas only should be permitted to produce such gas if such production would come from an oil-bearing formation. On account of the fact that the said wells were drilled prior to the formulation of the proposed plan, the owners of said wells should be permitted to receive as compensation for closing in such wells an allowable in oil equal to one hundred per cent (100%) of the top allowable prevailing in the field and the owners of each of such wells should be permitted to produce such allowable from any oil wells located on owner's lease, which produce oil from the same horizon.

IT IS THEREFORE ORDERED:

1. That the Loco Hills oil and gas field, Eddy County, New Mexico, is hereby re-defined as consisting of and including the following described tracts of land:

Township 17 South, Range 29 East:  $S\frac{1}{2}S\frac{1}{2}$  of Section 32,  $S\frac{1}{2}SW\frac{1}{4}$  of Section 35, and  $S\frac{1}{2}$  of Section 36,

Township 17 South, Range 30 East:  $NE\frac{1}{4}NE\frac{1}{4}$ ,  $S\frac{1}{2}N\frac{1}{2}$ , and  $S\frac{1}{2}$  of Section 31, and  $W\frac{1}{2}$  and  $W\frac{1}{2}E\frac{1}{2}$  of Section 32.

Township 18 South, Range 29 East: All of Sections 1, 2, 3, 4, 5 and  $E\frac{1}{2}$  of Section 6, all of Sections 8, 9, 10, 11,  $N\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}NE\frac{1}{4}$ ,  $SE\frac{1}{4}$  of Section 12,  $N\frac{1}{2}N\frac{1}{2}$  of Section 14,  $NE\frac{1}{4}NE\frac{1}{4}$ ,  $N\frac{1}{2}NW\frac{1}{4}$  of Section 15,  $N\frac{1}{2}$  of Section 16, and the  $N\frac{1}{2}$  of Section 17.

Township 18 South, Range 30 East:  $N\frac{1}{2}NW\frac{1}{4}$  of Section 5, all of Section 6, and  $W\frac{1}{2}$  of Section 7.

Any previous order of the Commission defining the said field as including other tracts of land or not including some of the above tracts of land is hereby modified accordingly. That portion of the area heretofore designated as the Loco Hills Area not included in the area hereinabove described is hereby designated as the Leo Area.

2. That the proposed plan for conserving the reservoir energy in the said field as set forth in the amended petition is hereby approved in its general aspects. Such plan shall hereafter be known as the Loco Hills Pressure Maintenance Plan.

3. That in the operation of the said Loco Hills Pressure Maintenance Plan producing oil wells may be used for the purpose of returning waste gas to the oil-bearing formations, and the allowable amount of oil which any well so used fails to produce during the period of such use may be produced by the owner of the input well from other wells located on owner's lease, and as long after the cessation of its use as the capacity of such well to produce oil has been impaired by its use as an input well. If the owner of such input well is the owner of more than one other producing oil well on his lease, the Commission may require, without further notice or hearing, that such lost allowable be apportioned on an equitable basis among owner's other wells on his lease. No well shall be used as an input well without the consent of the owner.

4. That during such period of time as either one or both of the two gas wells referred to in Paragraph 11 of the amended petition are not permitted to produce natural gas, the owner or owners of such well or wells shall be permitted to produce from oil wells owned by them on the same lease an allowable in oil equal to one hundred per cent (100%) of the top allowable prevailing in the field, provided

that such allowable of oil be produced from the same horizon from which the natural gas from the closed well or wells would be produced.

In the case of the well owned by R.W. Fair, et al., located on the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 10, T. 18 S., R. 29 E., N.M.P.M., the oil allowable shall be apportioned on an equitable basis among the other wells owned by the owners of the said gas well, which are located on the E $\frac{1}{2}$  of said Section 10.

In the case of the other gas well owned by Bassett and Birney, located on the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 11, in said Township and Range, the oil allowable of such well shall be apportioned on an equitable basis among all of the other wells in the field belonging to said owners which are located on State Land.

5. That for the purpose of taking under further advisement, the Commission reserves herein for a supplemental order the matters in this petition insofar as they relate to the reallocation of back allowable oil in the field, which is present presented by Paragraph 9 of the amended petition.

OIL CONSERVATION COMMISSION

Sgd. John E. Miles, Governor  
" H.R. Rodgers, Land Commissioner  
" A. Andreas, State Geologist