

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 30, 1959

Mr. W. D. Girand
Box 1445
Hobbs, New Mexico

Dear Mr. Girand

On behalf of your clients, Olsen Oils, Inc. and
Jal Oil Company, we enclose two copies of Order
No. R-1518 in Case 1778 and two copies of Order
R-1519 in Case 1779 issued by the Oil Conservation
Commission on October 30, 1959.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

lr/

Enclosures: (4)

Copy to Hobbs

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. 1778
Order No. R-1518

APPLICATION OF OLSEN OILS, INC.
FOR AN ORDER PERMITTING FOUR
OVERPRODUCED GAS WELLS IN THE
JALMAT GAS POOL, LEA COUNTY,
NEW MEXICO TO COMPENSATE FOR
SUCH OVERPRODUCTION AT A LESSER
RATE THAN COMPLETE SHUT-IN IN
EXCEPTION TO ORDER NOS. R-520
AND R-967

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 7, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, 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 30th day of October, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 original application in Case 1778 was for the consideration of four wells, but that applicant requested at the hearing that two of the four wells be dismissed from further consideration.

(3) That the following-described gas wells in the Jalmat Gas Pool, Lea County, New Mexico, are more than six times overproduced and are therefore subject to complete shut-in under the provisions of Orders Nos. R-520 and R-967:

S. R. Cooper Well No. 1, SE/4 NE/4 of Section 23,
Township 24 South, Range 36 East, N.M.P.

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Case No. 1778

Order No. R-1518

Winningham Well No. 3, NE/4 SE/4 of Section 30,
Township 25 South, Range 37 East, NMPA

(4) That due to extreme liquid problems, the applicant seeks an order permitting the overproduction to be made up at a lesser rate than complete shut-in in order to preclude permanent injury to the subject wells.

(5) That the applicant should be permitted to produce each of the subject wells at a monthly rate equal to seventy-five percent of the well's current monthly allowable or at a monthly rate equal to seventy-five percent of the well's average monthly allowable for the preceding six month proration period, whichever is greater.

(6) That the curtailed rate of production to compensate for overproduction as hereinabove prescribed should be adequate to prevent permanent injury to the well or producing formation.

(7) That an administrative procedure should be established whereby the Secretary-Director of the Commission may authorize the operator to compensate for overproduction at a lesser rate than that provided in this order upon a satisfactory showing that the rate prescribed herein would result in permanent damage to the well and/or producing formation.

(8) That the Secretary-Director should be authorized to order that tests be made to determine whether the subject wells may be produced at a lesser rate than that prescribed by this order without permanent injury to the well and/or producing formation and, if the test results so indicate, the Secretary-Director should be authorized to order the production rate curtailed below that herein prescribed.

(9) That any tests made to determine the minimum safe flow rate should be witnessed by a representative of the Commission.

IT IS THEREFORE ORDERED:

(1) That the operator be and the same is hereby authorized to compensate for the overproduction of the following-described gas wells in the Jalmat Gas Pool, Lea County, New Mexico, by producing each of them at a monthly rate equal to seventy-five percent of the well's current monthly allowable or at a monthly rate equal to seventy-five percent of the well's average monthly allowable for the preceding six-month proration period, whichever is greater:

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Case No. 1778
Order No. R-1518

S. R. Cooper Well No. 1, SE/4 NE/4 of Section 23,
Township 24 South, Range 36 East, NMPLM

Winningham Well No. 3, NE/4 SE/4 of Section 30,
Township 25 South, Range 37 East, NMPLM

PROVIDED HOWEVER, That an administrative procedure be and the same is hereby established wherein the Secretary-Director is authorized to set the percentage of curtailment at a lesser rate than that herein prescribed upon a satisfactory showing by the operator that the rate for compensating for overproduction as set forth in this order would result in permanent damage to the well and/or producing formation.

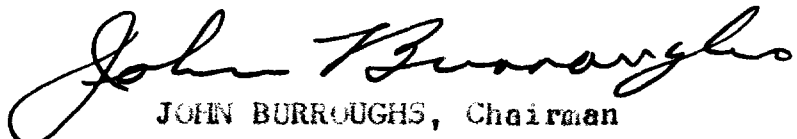
PROVIDED FURTHER, That the Secretary-Director be and the same is hereby authorized to order that tests be made to determine whether the subject wells may be produced at a lesser rate than that prescribed by this order without permanent injury to the well and/or producing formation, and, if the test results so indicate, the Secretary-Director is hereby authorized to order the production rate curtailed below that rate herein prescribed.

PROVIDED FURTHER, That any tests made to determine the minimum safe flow rate shall be witnessed by a representative of the Commission.


(2) That the effective date of this order is November 1, 1959.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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



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