

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 27, 1960

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

Dear Sir:

On behalf of your client, Jal Oil Company, we
enclose two copies of Order R-1655 in Case 1941
issued by this Commission on April 25, 1960.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Enclosures: (2)

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P
Y

W. D. GIRAND
LOWELL STOUT
ROBERT F. PYATT

1941
GIRAND & STOUT
LAWYERS
204 LEA COUNTY STATE BANK BUILDING
HOBBS, NEW MEXICO

March 29, 1960

TELEPHONE:
EXPRESS 3-9116
POST OFFICE BOX 1445

State of New Mexico
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter

Gentlemen:

I am enclosing herewith application of Jal Oil Company in quadruplicate. I would appreciate this application being set for as early hearing as possible.

You will note in the application that we have requested that the subject wells be excused from regulatory action due to over-production or requirement of the taking of deliverability tests pending hearing on the application.

This is the application which I discussed briefly with you by phone today, and would appreciate any action taken to expedite and alleviate the situation.

Respectfully submitted.

GIRAND & STOUT

BY: 

*W. D. Girand
Mailed
4-1-60*
G/mc
Enclosures

cc: Jal Oil Company, Box 1744, Midland, Texas, attn. Howard Olsen
R. Olsen, Liberty Bank Bldg., Oklahoma City 2, Oklahoma

AIR MAIL

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF JAL OIL COMPANY FOR)
AN EXCEPTION TO RULE 10 OF ORDERS)
NO. R520 AND R967, AND FOR EXEMPTION)
FROM THE REQUIREMENTS OF RULE 6(c),)
ORDERS NO. R967 AND R1092A INsofar AS)
SAID ORDERS EFFECT THE JAL OIL COMPANY'S)
GAS WELLS DESIGNATED AS LEGAL #2,)
LOCATED IN THE NE/4 SE/4 OF SECTION 31;)
DYER #3 LOCATED IN THE SE/4 NE/4 OF)
SECTION 31; JENKINS #1 LOCATED IN THE)
SW/4 SW/4 OF SECTION 29; AND THE EVA)
OWENS #1 LOCATED IN THE SW/4 SW/4 OF)
SECTION 21, ALL IN TOWNSHIP 25 SOUTH,)
RANGE 37 EAST; AND THE WATKINS #2)
LOCATED IN THE SE/4 NE/4 OF SECTION)
35, TOWNSHIP 24 SOUTH, RANGE 36 EAST;)
ALL IN THE JALMAT GAS POOL, LEA COUNTY,)
NEW MEXICO, AND FOR RELIEF FROM ANY ORDER)
OR ACTION ON THE PART OF THE COMMISSION)
SHUTTING IN SAID WELLS.)

CASE NO. 1941

COMES NOW the Jal Oil Company, a New Mexico corporation,
with principal office in Jal, Lea County, New Mexico, and files
this, its application for an exception to Rule 10 of Orders No.
R520 and R967; exemption from Rule 6, sub-paragraph "c" of
Orders R967 and R1092A, and for permanent relief from threatened
shut in to any of the above designated gas wells, and for cause
would show:

1.

That all of said wells are producing water in such quantities that in order to produce any gas the wells must be produced by mechanical means. That all of said wells are being mechanically produced, i.e., either by pumping or through the operation of a mechanical lift known as a free floating piston.

2.

That all of the above wells have been the subject matter of prior hearings before this Commission in the consolidated Case No. 1779.

3.

Applicant would show that in the use of the methods of production employed by Applicant, Applicant's well denominated as Dyer #3 has exceeded the allowable permitted by the Commission in Order No. R1519 wherein the Commission authorized it to make up its over-production at the rate of 75% of the well's current allowable. The control on the production of this gas, when considering the methods employed to produce the same, cannot be regulated to an extent required by the Commission without permanently damaging the productivity of this lease.

4.

That in connection with the operation of the Legal #2 Applicant has found that the present production method employed to produce this well will not allow Applicant to stay within the limits of the production authorized by the Commission in its Order No. R1519.

5.

In this connection, Applicant has maintained close production records on the subject wells from the date of the Commission's Order No. R1519, and believe that the facts surrounding the production of all of said wells will warrant the Commission in making an exception to Orders R520 and R967 covering or controlling the allowable of the subject wells.

6.

Applicant would further show the Commission that due to the characteristics of the subject wells in that all of said wells are making appreciable amounts of water and will not produce gas unless the encroaching water is continually removed from the well bore, the water will plug the well bore and destroy the wells' ability to produce gas. In this connection, Applicant would show that a continued shut in of a

well producing such as the wells covered by this application will result in a complete loss of the gas reserve and well. This was established by the fact that the Commission shut in Applicant's well known as "Repollo #1" and after Applicant was authorized to reproduce that well and attempted to bring the well back through pumping process over a period of several months, the well never was and isn't today capable of producing gas.

7.

Applicant would further show that the requirement of Order No. R967 and Order No. R1092A requiring a deliverability test to be taken annually should be suspended insofar as the subject wells are concerned for the reason that such a test made on these wells would result in the wells being unable to produce any gas, and would thereby discriminate against said wells, since 75% of the wells' allowable are determined on the wells' deliverability. The true capability of a well producing water and being produced through the means employed by Applicant could only be arrived at by taking a test on the total volume of gas produceable employing the artificial means.

8.

Applicant would further show the Commission that it is charged by law with the obligation to protect the correlative rights of all producers, and is granted great latitude in assigning minimum allowables to prevent the premature abandonment of wells.

WHEREFORE, Applicant prays that this application be set down for hearing, and that upon the hearing the Commission grant unto Applicant:

1. That the subject wells be excused from any regulatory action due to over-production or requirement of the taking of deliverability tests until hearing is had on this application.

2. That the subject wells be exempted from the force and effect of Rule 10 of Order R520 and R967.

3. That the subject wells be excepted from the requirements of taking a deliverability test as required by Order R967 and R1092A.

4. That the deliverability tests required of a well producing under artificial means such as the subject wells, be allowed to establish their deliverability by a showing of the

total volume of gas produceable through the means employed and that this factor be used in place of the shut in procedure.

5. That the Commission set special allowables for gas wells producing under artificial means that will be fair, equitable, and just to all operators producing gas in such a manner.

6. That the Commission enter its order prohibiting the shut in of any of the subject wells without notice to Applicant and hearing thereon.

7. That the excess allowable attributable to the subject wells be excused, and that the Commission formulate a realistic allowable for the subject wells;

And for such other appropriate order as the Commission deems proper in order to prevent waste of the natural reserves and to protect the correlative rights of the Applicant.

GIRAND & STOUT

BY: 

(ATTORNEYS FOR APPLICANT)

POST OFFICE BOX 1445,
HOBBS, NEW MEXICO