

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. 1967
Order No. R-1641-A

APPLICATION OF REDFERN AND HERD,
VAL R. REESE AND ASSOCIATES, INC.,
AND EL PASO NATURAL GAS COMPANY
FOR THE PROMULGATION OF SPECIAL
RULES AND REGULATIONS GOVERNING
THE DEVILS FORK-GALLUP POOL,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 18, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 10th day of June, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 Devils Fork-Gallup Pool in Rio Arriba County, New Mexico, was established by Order No. R-1641, entered March 30, 1960.
- (3) That withdrawals of gas from the said Devils Fork-Gallup Pool were limited by said Order No. R-1641 to 1000 MCF of gas per day per 160-acre unit, since "in the light of Gallup formation history in Northwest New Mexico, there is a reasonable probability that the gas underlying the above-described acreage (horizontal limits of Devils Fork-Gallup Pool) is a gas cap for an as yet undiscovered oil pool."
- (4) That the applicants seek an order promulgating special rules and regulations for the said Devils Fork-Gallup Pool, including 320-acre gas proration units and market demand proration for the Pool, with the proposed allocation formula to be based on acreage and deliverability.

(5) That the evidence presented establishes that a gas well in the said Devils Fork-Gallup Pool will efficiently and economically drain a 320-acre tract.

(6) That in view of the relatively small number of wells that have been drilled in the said Devils Fork-Gallup Pool, the evidence presented is not sufficiently probative for the Commission to change its view that the gas underlying the Devils Fork-Gallup Pool may well be a gas cap, and thus the proposal that gas withdrawals from this pool be limited only by the market demand therefor is premature.

(7) That until such time as there has been additional development in said Pool, and thus more evidence available tending to establish either that the subject reservoir is or is not a gas cap for an associated oil pool, a limitation of 1000 MCF of gas per day per 320-acre unit should be continued in the interest of preventing a too rapid dissipation of a possible drive mechanism for an oil pool.

(8) That such a precautionary measure on a temporary basis is the only prudent course for this Commission to follow, and such action will not unduly impair the correlative rights of any operator in the Pool.

(9) That in the event a Gallup well is drilled within the horizontal limits of the Devils Fork-Gallup Pool, or within one mile thereof, which has a producing gas-oil ratio of less than 100,000 to 1 and a gravity of less than 60° API, said well shall be classified as an oil well, shall have 40 acres dedicated to it, and its production shall be limited by the statewide rules relative to oil allowables and gas-oil ratio limitations.

(10) That the Commission has received information that a low gas-oil ratio oil well has been completed in the Gallup formation in the SE/4 SE/4 of Section 11, Township 24 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. Accordingly the Commission deems it advisable to docket this case for hearing on August 17, 1960, at which time interested parties should appear and present any pertinent testimony relative to classification, spacing, drilling, and production of wells in the said Devils Fork-Gallup Pool.

IT IS THEREFORE ORDERED:

(1) That the Devils Fork-Gallup Pool, as heretofore classified and described, be and the same is hereby extended to include the following-described acreage:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 17: All
Section 18: All
Section 19: All
Section 20: W/2

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TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 13: All
Section 24: All

all in Rio Arriba County, New Mexico.

(2) That temporary special rules and regulations for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, be and the same are hereby promulgated as hereinafter set forth.

(3) That the temporary special rules and regulations hereinafter set forth shall be in full force and effect at least until September 30, 1960.

(4) That a case is hereby docketed for the Regular Commission Hearing on August 17, 1960, at which time interested parties should appear and present their views on classification, spacing, drilling, and production of wells in the said Devils Fork-Gallup Pool.

SPECIAL RULES AND REGULATIONS FOR
THE DEVILS FORK-GALLUP POOL

RULE 1. Each well completed or recompleted in the Gallup formation within the boundary of the Devils Fork-Gallup Pool, or within one mile thereof, and not nearer to nor within the boundaries of another designated Gallup Pool, shall be drilled, spaced, and produced in accordance with the special rules and regulations hereinafter set forth.

RULE 2. Each gas well completed or recompleted in the Devils Fork-Gallup Pool shall be located on a tract consisting of approximately 320 acres comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the U. S. Public Lands Survey. For purposes of these Rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard unit.

RULE 3(a). Each well completed or recompleted in the Devils Fork-Gallup Pool shall be located no nearer than 790 feet to the boundary of the 320-acre unit and no nearer than 330 feet to a governmental quarter-quarter section line or subdivision inner boundary line.

RULE 3(b). The Secretary-Director of the Commission shall have authority to grant an exception to Rule 3(a) without notice and hearing when the application therefor has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is

located a copy of the application to the Commission, and the applicant shall include with his application a list of names and addresses of all such operators, together with a stipulation that proper notice has been given said operators at the addresses listed. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and may approve the unorthodox location only in the absence of objection from any offset operator or any operator within the section in which the well is located. In the event such an operator objects to the unorthodox location, the Commission shall consider the matter only after proper notice and hearing.

RULE 4. Any well subject to these special rules and regulations shall be classified as a gas well if said well has a gas-liquid ratio of 100,000 cubic feet of gas per barrel of liquid hydrocarbons or more, or if said well produces liquid hydrocarbons possessing a gravity of 60° API or greater. Any well subject to these special rules and regulations shall be classified as an oil well if said well has a gas-liquid ratio of less than 100,000 cubic feet of gas per barrel of liquid hydrocarbons, and if it produces liquid hydrocarbons possessing a gravity of less than 60° API. The simultaneous dedication of any acreage to both oil wells and gas wells is hereby prohibited.

RULE 5. The monthly gas production from any well classified as a gas well under the provisions of these Rules and having 320 acres dedicated thereto shall be limited to the number of days in the month multiplied by 1000 MCF. Any gas well having less than 320 acres dedicated to it shall have its monthly gas production reduced to the same proportion that its assigned acreage bears to 320. No unit shall produce during any one month more than its prescribed rate of production plus a tolerance of not to exceed 15 days production. Any such overproduction shall be considered as produced against the permissible rate for the following month and shall be compensated for during that period.

RULE 6. Any well classified as an oil well under the provisions of these Rules shall be subject to the statewide rules governing acreage dedication, allowables, and gas-oil ratio limitations. The proportional (depth) factor for any such oil well shall be 1.33.

RULE 7. No gas shall be flared or vented from any well classified as a completed gas well in accordance with the provisions of Rule 4. No gas shall be flared or vented from any well classified as an oil well at any time after 30 days from the effective date of this order, or 60 days after the completion of the well, whichever date is later.

Any operator who desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall

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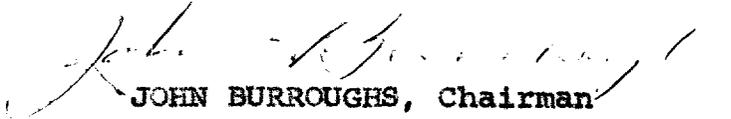
submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying such exception. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of the exception is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests.

(5) That all operators having wells in said Devils Fork-Gallup Pool shall file new acreage dedication plats (Commission Form C-128) with the Aztec District Office of the Commission prior to July 15, 1960.

(6) That all operators having wells in said Devils Fork-Gallup Pool who have not taken and filed gas-liquid ratio tests within the last 30 days shall take and file new gas-liquid ratio tests no later than July 15, 1960.

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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