

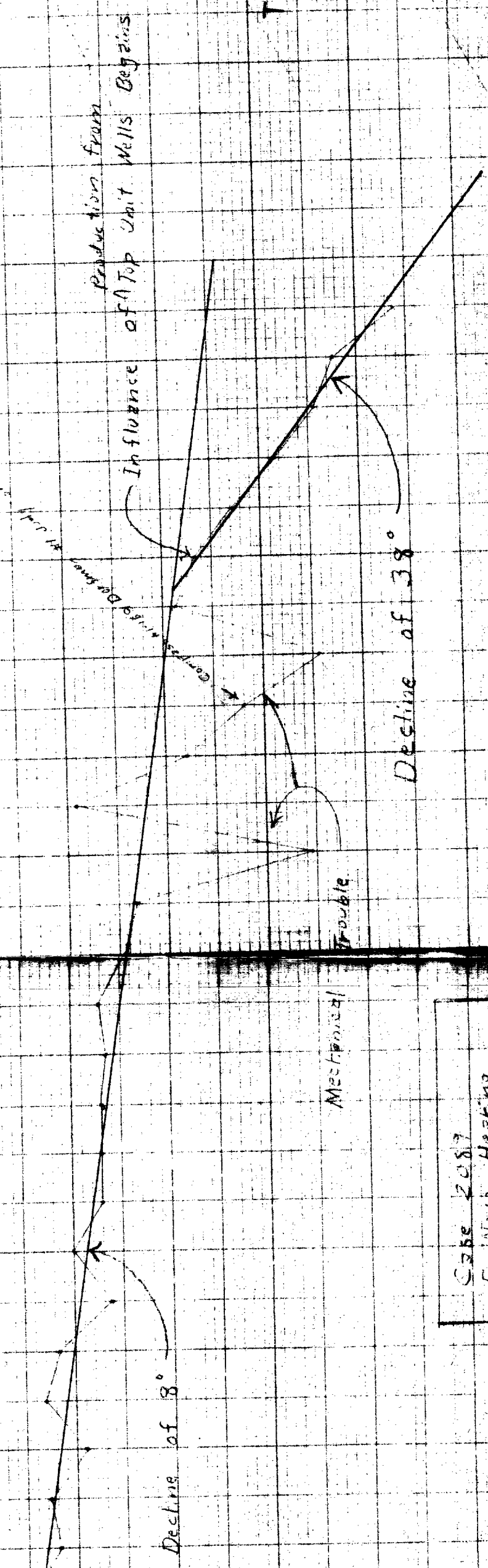
Production Decline of Standard #1-3-20, Section 20, T24N, R-7W

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Case Exhibit No. 2572
CASE NO. 2572

ILLEGIBLE

Period of Low Aqueous

CASE 2087
Dr Nub Hearing
Reese Exhibit No. 7



August 1964
Case 2575
Reese Ex. No. 3

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

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EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

P. O. BOX 2088
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

September 9, 1964

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 2575
2858
ORDER NO. R-2267-B and R-2549-A
APPLICANT Val R. Reese and
Standard Oil Company of Texas

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC X

OTHER

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. 2575
Order No. R-2267-B

APPLICATION OF VAL R. REESE &
ASSOCIATES, INC. FOR THE CREA-
TION OF A NEW OIL POOL AND FOR
SPECIAL POOL RULES, 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 August 5, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of September, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 by Order No. R-2267, dated June 21, 1962, temporary Special Rules and Regulations were promulgated for the Lybrook-Gallup Oil Pool, Rio Arriba County, New Mexico, establishing 320-acre gas proration units and 80-acre oil proration units for a one-year period.

(3) That by Order No. R-2267-A, dated August 16, 1963, said temporary Special Rules and Regulations were continued in full force and effect for an additional one-year period.

(4) That pursuant to the provisions of Order No. R-2267-A, this case was reopened to allow the operators in the subject pool

-2-

CASE No. 2575

Order No. R-2267-B

to appear and show cause why the Lybrook-Gallup Oil Pool should not be developed on 160-acre gas proration units and 40-acre oil proration units.

(5) That the evidence concerning the reservoir characteristics of the Lybrook-Gallup Oil Pool and the effectiveness of the temporary Special Rules and Regulations promulgated by Order No. R-2267 does not establish that said pool can be efficiently and economically drained and developed on 320-acre gas proration units and 80-acre oil proration units.

(6) That to afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas and oil in the pool, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Lybrook-Gallup Oil Pool should be developed on 160-acre gas units and 40-acre oil units.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Lybrook-Gallup Oil Pool promulgated by Order No. R-2267 are hereby abolished. *Under the provisions of the New Mexico Oil Conservation Act, the Commission is authorized to modify or repeal any order or regulation which it may deem to be unnecessary or in conflict with the public interest.*

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell

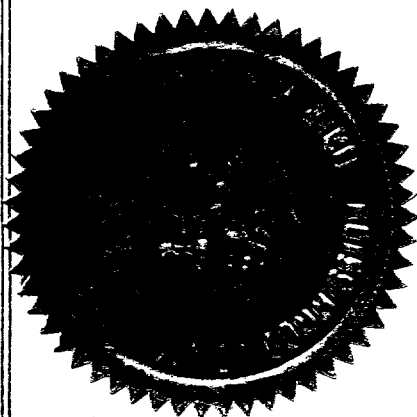
JACK M. CAMPBELL, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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



esr/

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. B. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

August 16, 1963

DOCKET MAILED

Date 7-27-64

Mr. James Sperling
Modrall, Seymour, Sperling, Roehl
and Harris
Attorneys at Law
Post Office Box 466
Albuquerque, New Mexico

Re:

Case No. 2575

Order No. R-2267-A

Applicant:

VAL R. REESE & ASSOCIATES, INC.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Astec OCC X

OTHER

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. 2575
Order No. R-2267-A

APPLICATION OF VAL R. REESE &
ASSOCIATES, INC., FOR THE CREA-
TION OF A NEW OIL POOL AND FOR
SPECIAL POOL RULES, 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 July 10, 1963, 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 16th day of August, 1963, 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 Order No. R-2267 dated June 21, 1962, established 80-acre oil proration units and 320-acre gas proration units for the Lybrook-Gallup Oil Pool, Rio Arriba County, New Mexico, for a temporary one-year period.

(3) That pursuant to the provisions of Order No. R-2267, Case 2575 has been reopened to allow the applicant and all interested parties to present information concerning the reservoir characteristics of the subject pool and the effectiveness of the temporary rules and regulations established by Order No. R-2267.

(4) That the evidence concerning the reservoir characteristics of the subject pool and the effectiveness of the temporary rules and regulations established by Order No. R-2267 is not

-2-

CASE No. 2575

Order No. R-2267-A

sufficient to justify continuation of the temporary special rules and regulations for the Lybrook-Gallup Oil Pool for more than an additional one-year period.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the temporary special rules and regulations for the Lybrook-Gallup Oil Pool promulgated by Order No. R-2267 should be continued in effect for an additional one-year period.

(6) That this case should be reopened at an examiner hearing in August, 1964, and that 160-acre gas proration units and 40-acre oil proration units should be established for the Lybrook-Gallup Oil Pool if the operators in the subject pool do not present substantial evidence to justify continuation of the special rules and regulations for the Lybrook-Gallup Oil Pool.

IT IS THEREFORE ORDERED:

(1) That the temporary special rules and regulations for the Lybrook-Gallup Oil Pool promulgated by Order No. R-2267 shall be continued in effect for an additional one-year period.

(2) That this case shall be reopened at an examiner hearing in August, 1964, and that 160-acre gas proration units and 40-acre oil proration units shall be established for the Lybrook-Gallup Oil Pool if the operators in the subject pool do not present substantial evidence to justify continuation of the special rules and regulations for the Lybrook-Gallup Oil Pool.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

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

esr/

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

June 21, 1962

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Box 1713
Santa Fe, New Mexico

Re: Case No. 2575
Order No. R-2267
Applicant:

DOCKET MAILED Val R Reese & Associates, Inc.

Dear Sir:

Date _____

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC x

OTHER Mr. Mat Zamora, Bokum Building, Santa Fe

Mr. William J. Cooley (for Jacob Smith) - Farmington, N.M.

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. 2575
Order No. R-2267

APPLICATION OF VAL R. REESE &
ASSOCIATES, INC., FOR THE CREA-
TION OF A NEW OIL POOL AND FOR
SPECIAL POOL RULES, 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 June 7, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 21st day of June, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 applicant, Val R. Reese & Associates, Inc., seeks the creation of a new oil pool for Gallup production in Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. The discovery well for said pool is the Dunn Well No. 1, located in Unit M, Section 10, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. Said well was completed November 14, 1956. The top of the perforations is at 5597 feet.

(3) That the applicant further seeks the adoption of special rules and regulations for said pool similar to the special rules presently governing the Escrito-Gallup Oil Pool which provide for 320-acre gas proration units and 80-acre oil proration units (Order No. R-1793-A).

(4) That the evidence presented concerning the reservoir characteristics of the subject pool indicates that the gas area

-2-

CASE No. 2575
Order No. R-2267

can be efficiently and economically drained and developed on 320-acre proration units, and that the oil area can be efficiently and economically drained and developed on 80-acre proration units.

(5) That the reservoir characteristics of the subject pool are similar to those in the Escrito-Gallup Oil Pool and justify the definition of a gas well as a well producing with a gas-oil ratio of 30,000 : 1 or greater.

(6) That the subject application should be granted and temporary rules established for a period of one year, during which time further information should be gathered and presented to the Commission at an examiner hearing during the month of July, 1963.

IT IS THEREFORE ORDERED:

(1) That a new oil pool for Gallup production is hereby created and designated the Lybrook-Gallup Oil Pool. The horizontal limits of said pool shall be as follows:

Section 2: S/2
Section 4: SW/4
Section 9: N/2 and SE/4
Section 10: All
Section 11: All
Section 14: N/2 NE/4
Section 15: N/2 NW/4

all in Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

(2) That Temporary Special Rules and Regulations for the Lybrook-Gallup Oil Pool are hereby established as follows, effective August 1, 1962.

TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE
LYBROOK-GALLUP OIL POOL

RULE 1. Each well completed or recompleted in the Gallup formation within the boundary of the Lybrook-Gallup Oil 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. (a) Each gas well completed or recompleted in the Lybrook-Gallup Oil Pool shall be located on a tract consisting of approximately 320 acres which may reasonably be presumed to be productive of gas from said pool, and which shall comprise any two contiguous quarter sections of a single governmental section,

-3-

CASE No. 2575

Order No. R-2267

being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these Rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard gas unit. Nothing contained herein shall be construed as prohibiting the drilling of a gas well on each quarter section in the 320-acre unit.

RULE 2. (b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of contiguous quarter-quarter sections or lots.

(2) The non-standard unit consists of not more than 324 acres and lies wholly within a single governmental section.

(3) The entire non-standard unit may reasonably be presumed to be productive of gas from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators, and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

RULE 2. (c) The District Supervisor shall have authority to approve non-standard gas proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of less than 316 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

RULE 2. (d) The allowable assigned to any such non-standard gas proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 320 acres.

RULE 3. (a) Each oil well completed or recompleted in the Lybrook-Gallup Oil Pool shall be located on a unit containing approximately 80 acres, which may reasonably be presumed to be productive of oil from said pool, and which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section. For

purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit. Nothing contained herein shall be construed as prohibiting the drilling of an oil well on each of the quarter-quarter sections in the 80-acre unit.

RULE 3. (b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 3(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit is to consist of a single quarter-quarter section or lot.

(2) The non-standard unit consists of not more than 81 acres.

(3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no operator has entered an objection to the formation of such non-standard unit.

RULE 3. (c) The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two contiguous quarter-quarter sections or lots comprising less than 79 acres lying within a single governmental quarter section and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

RULE 3. (d) The allowable assigned to any such non-standard oil proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 80 acres.

RULE 4. (a) Each well, oil or gas, completed or recompleted in the Lybrook-Gallup Oil Pool shall be located no nearer than 790 feet to any quarter section line and each such well shall be located no nearer than 330 feet to a governmental quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Lybrook-Gallup Oil Pool prior to the

effective date of this order at a location conforming to the well location requirements in effect at the time the well was drilled shall be considered to be located in conformance with this Rule.

RULE 4. (b) The Secretary-Director shall have authority to grant an exception to Rule 4(a) without notice and hearing when the application has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception. However, such an unorthodox location, if approved, may necessitate an allowable adjustment.

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 the 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 only in the absence of objection from an offset operator may such application be approved.

RULE 5. A well in the Lybrook-Gallup Oil Pool shall be classified as a gas well if it has a gas-liquid ratio of 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more. A well in said pool shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to both an oil well and a gas well is strictly prohibited.

RULE 6. The gas-liquid ratio limitation for the Lybrook-Gallup Oil Pool shall be 2,000 cubic feet of gas per barrel of liquid hydrocarbons produced.

RULE 7. Any oil well in the Lybrook-Gallup Oil Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2,000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Lybrook-Gallup Oil Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by 2,000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

RULE 8. The operator of each newly completed well in the Lybrook-Gallup Oil Pool shall cause a gas-liquid ratio test to be taken on said well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Provided further, that any well which is shut-in shall be exempted from the aforesaid gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce. Any operator that desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying it. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it 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.

RULE 9. Gas-liquid ratio tests shall be taken on all wells in the Lybrook-Gallup Oil Pool, and on all wells producing from the Gallup formation within one mile of the boundaries of the Lybrook-Gallup Oil Pool which are not within another designated Gallup oil pool, during the months of January, April, July, and October of each year. The initial gas-liquid ratio test shall suffice as the first quarterly test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Aztec Office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

-7-

CASE No. 2575
Order No. R-2267

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed in the Lybrook-Gallup Oil Pool after the effective date of this order shall receive an allowable only upon receipt by the Commission's Aztec Office of Commission Forms C-104, C-110, and C-116, all properly executed. The District Supervisor of the Commission's Aztec Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the Lybrook-Gallup Oil Pool by 2,000.

RULE 12. The dates 7 o'clock a.m. February the first and 7 o'clock a.m. August the first shall be known as balancing dates, and the periods of time bounded by these dates shall be known as the gas proration periods for the Lybrook-Gallup Oil Pool.

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

-8-

CASE No. 2575

Order No. R-2267

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut-in upon a showing after notice and hearing that complete shut-in of the well would result in material damage to the well and/or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the oil proration schedule.

RULE 20. Failure to comply with any provision of this order or the rules contained herein shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The District Supervisor shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-128) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage have been filed.

(3) That all operators in the Lybrook-Gallup Oil Pool shall, prior to July 15, 1962, file with the Commission Form C-128, Well Location and Acreage Dedication Plat, for each well in said pool, showing thereon the acreage being dedicated to said well. Operators shall also take new gas-oil ratio tests on all wells and file the results thereof with the Commission on Commission Form C-116 prior to July 20, 1962. For purposes of testing wells at the allowable rate authorized by these rules, the daily tolerance provision of Commission Rule 502 I is hereby waived.

-9-

CASE No. 2575
Order No. R-2267

(4) That this case shall be reopened at an examiner hearing in July, 1963, at which time the applicant and all interested parties shall present information concerning the reservoir characteristics of the subject pool and the effectiveness of the temporary rules and regulations established by this order.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



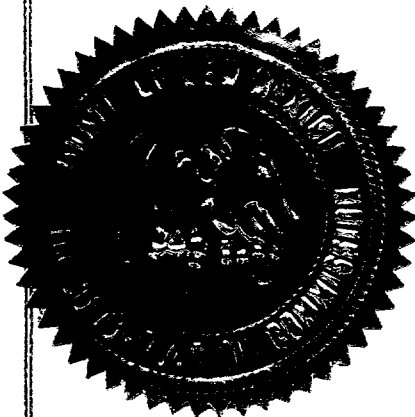
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



ear/