



PETROLEUM PRODUCTS  
May 13, 1968

DOMESTIC PRODUCING DEPARTMENT  
MIDLAND DIVISION

TEXACO INC.  
P. O. BOX 3109  
MIDLAND, TEXAS 79701

HEARING REQUEST - FIELD RULES  
NORTH PADUCA (DELAWARE) OIL POOL  
LEA COUNTY, NEW MEXICO

New Mexico Oil  
Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attn: Mr. A. L. Porter, Jr.

Gentlemen:

It is respectfully requested that a hearing be scheduled on the first available examiner hearing docket in Santa Fe, New Mexico, to consider the application of Texaco Inc. to promulgate Field Rules to govern the development and production of oil and gas reserves in the North Paduca (Delaware) Oil Pool in Lea County, New Mexico.

The rules to be recommended at the above requested hearing will include provisions for 40 acre oil proration units and 160 acre gas proration units with wells to be located not closer than 330' to any tract or lease boundary or quarter/quarter section line, nor closer than 660' to the nearest well completed in the same pool. A limiting gas-oil ratio of 3000 standard cubic feet per barrel of oil will be recommended. The source of supply in the North Paduca (Delaware) Oil Pool is the Delaware Sand formation. Two wells have been completed in this oil pool to date, being Texaco Inc. Cotton Draw Unit Wells No. 69 and 70.

Attached is a list showing all working interest owners in the Cotton Draw Unit, each of which is receiving a copy of this hearing request. In addition, all offset operators as listed below are receiving a copy, as well as the office of the United States Geological Survey in Roswell and the Commissioner of Public Lands in Santa Fe.

Yours very truly,

C. L. Whigham  
Division Proration Engineer

CLW:jl  
Attach.

cc: Beard Oil Company - 2000 Classen Blvd. - Oklahoma City, Oklahoma  
Continental Oil Company - Box 460 - Hobbs, New Mexico  
Getty Oil Company - Vaughn Building - Midland, Texas 79701  
Gulf Oil Corporation - Petroleum Building - Roswell, New Mexico  
Pauley Petr. Corp. - 10,000 Santa Monica Blvd. - Los Angeles, Calif.  
Comm. of Public Lands - Box 1148 - Santa Fe, New Mexico 87501  
U.S. Geol. Survey - c/o Regional Oil & Gas Supervisor - Drawer 1857 -  
Roswell, New Mexico 88201

COTTON DRAW UNIT  
WORKING INTEREST OWNERS  
MAILING LIST

Pauley Petroleum Inc.  
10,000 Santa Monica Blvd.  
Los Angeles 25, California 90067

Perry R. Bass  
1200 Fort Worth National Bank Building  
Fort Worth, Texas

S.W. Richardson Estate  
1200 Fort Worth National Bank Building  
Fort Worth, Texas

Continental Oil Company  
Box 460  
Hobbs, N.M. 88240

Gulf Oil Corporation  
Petroleum Building  
Roswell, New Mexico

Humble Oil & Refining Company  
Box 1600  
Midland, Texas

Beard Oil Company  
2000 Classen Blvd. Room 610  
Oklahoma City, Oklahoma

Union Oil Company of California  
P.O. Box 671  
Midland, Texas

Mrs. Peggy P. Jennings  
1200 Fort Worth National Bank Building  
Fort Worth, Texas

Mr. E.B. Todhunter  
Box 852  
Roswell, New Mexico

Tenneco Oil Company  
Box 1031  
Midland, Texas

Panther City Investment Company  
Fort Worth National Bank Bldg.  
Fort Worth, Texas

Mr. Wm. G. Ross  
Gulf Building  
Midland, Texas 79701

Texaco Inc.  
P.O. Box 3109  
Midland, Texas 79701

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. 3246  
Order No. R-2935

APPLICATION OF PAUL DeCLEVA  
FOR AN AMENDMENT TO ORDER  
NO. R-2691, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 12, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of July, 1965, 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 the applicant, Paul DeCleva, seeks amendment of Order No. R-2691 to establish special rules and regulations governing the Mesa-Queen Pool in Lea County, New Mexico.

(3) That the applicant seeks the promulgation of rules classifying wells as gas wells or oil wells, establishing spacing units for gas wells and oil wells, and establishing proration rules for gas wells.

(4) That the applicant also seeks the assignment of a retroactive gas allowable to his Tidewater State Well No. 1 located 660 feet from the North line and 660 feet from the

West line of Section 17, Township 16 South, Range 32 East, NMPM, Lea County, New Mexico, said allowable to be computed under the proposed rules from the effective date of Order No. R-2691.

(5) That the reservoir characteristics of the subject pool indicate that the gas area can be efficiently and economically drained and developed on 160-acre spacing, and that the oil area can be efficiently and economically drained and developed on 40-acre spacing.

(6) That the reservoir characteristics of the subject pool presently available justify the definition of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(7) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 5,000 cubic feet of gas per barrel of liquid hydrocarbons.

(8) That temporary special rules and regulations providing for 160-acre gas well spacing and 40-acre oil well spacing should be promulgated for the subject pool in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(9) That the temporary special rules and regulations should provide for the classification of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons and should provide for the establishment of a gas-liquid ratio of 5,000 cubic feet of gas per barrel of liquid hydrocarbons in order to afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil or gas, or both, and for this purpose to use his just and equitable share of the reservoir energy.

(10) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

(11) That this case should be reopened in January, 1966, at which time the operators in the subject pool should be required

to establish that a gas-liquid ratio limitation of 5,000 cubic feet of gas per barrel of liquid hydrocarbons will effectively maintain the gas-oil contact in the subject pool, and that the special rules and regulations should be continued in effect.

(12) That the applicant has not established that the assignment of a retroactive allowable to his Tidewater State Well No. 1 would prevent waste or protect correlative rights.

(13) That the applicant's request for the assignment of a retroactive allowable to his Tidewater State Well No. 1 should be denied.

IT IS THEREFORE ORDERED:

That, effective July 1, 1965, Order No. R-2691 is hereby amended to promulgate temporary Special Rules and Regulations for the Mesa-Queen Pool as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
MESA-QUEEN POOL

RULE 1. Each well completed or recompleted in the Mesa-Queen Pool or in the Queen formation within one mile thereof, and not nearer to or within the limits of another designated Queen pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well shall be located on a standard unit containing 160 acres, more or less, consisting of a governmental quarter section.

RULE 2. (b) Each oil well shall be located on a standard unit containing 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 (a) without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental quarter section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line.

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well 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 an oil well and a gas well is prohibited.

RULE 6. The gas-liquid ratio limitation shall be 5,000 cubic feet of gas per barrel of liquid hydrocarbons.

RULE 7. An oil well which has 40 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is ~~40~~ 160. In the event there is more than one gas well on a 160-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the 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. Any well which is shut in shall be exempted from the 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 or 60 days after the effective date of these rules, whichever is later. 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 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 Hobbs 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.

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 after the effective date of these rules shall receive an allowable only upon receipt by the Commission's Hobbs Office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's Hobbs 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 pool by the limiting gas-liquid ratio for the pool.

RULE 12. Balancing dates shall be 7 o'clock a.m. January the first and 7 o'clock a.m. July the first, and the periods of time bounded by these dates shall be gas proration periods.

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.

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 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 Form C-111 with the wells being listed in the same order as they are listed on the oil proration schedule.

RULE 20. Failure to comply with any provision of these rules 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 Secretary-Director shall notify the operator of the well and

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-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

IT IS FURTHER ORDERED:

(1) That all operators shall, prior to August 1, 1965, file with the Commission Form C-102 for each well showing the acreage dedicated to the well.

(2) That all operators shall take new gas-oil ratio tests on all wells and file the results thereof with the Commission on Form C-116 prior to August 1, 1965; that the daily tolerance provision of Commission Rule 502 I is hereby waived for the purpose of testing wells at the allowable rate authorized by these rules.

(3) That this case shall be reopened at an examiner hearing in January, 1966, at which time the operators in the subject pool shall show cause why the gas-liquid ratio limitation of 5,000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by this order should not be discontinued.

(4) That the applicant's request for assignment of a retroactive gas allowable to his Tidewater State Well No. 1 is hereby denied.

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

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CASE No. 3246

Order No. R-2935

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

GUYTON B. HAYS, Member

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

S E A L

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 5, 1968

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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The following cases will be heard before Elvis A. Utz, Examiner,  
or Daniel S. Nutter, Alternate Examiner:

- CASE 3777: Application of Atlantic Richfield Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough "C" zone of the Pennsylvanian formation in its State AE Well No. 2 located in Unit L of Section 36, Township 8 South, Range 36 East, Allison-Pennsylvanian Pool, Roosevelt County, New Mexico, in the perforated interval from 9662 feet to 9672 feet.
- CASE 3778: Application of Atlantic Richfield Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State BH Well No. 1 located 660 feet from the North and West lines of Section 13, Township 19 South, Range 34 East, Quail-Queen Pool, Lea County, New Mexico, in such a manner as to permit production of oil from 5080 feet to 5136 feet in the lower Queen formation through tubing and the disposal of produced salt water into the upper Queen formation through the casing-tubing annulus in the perforated interval from 4820 feet to 4830 feet.
- CASE 3779: Application of Shenandoah Oil Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Yates, Seven Rivers, Queen, and Grayburg formations through five wells located in units F and N of Section 29, and units A, G, and I of Section 30, all in Township 18 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.
- CASE 3780: Application of Amerada Petroleum Corporation for an amendment to Order No. R-3407, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3407, which authorized the drilling of a water injection well in its Langlie-Mattix Woolworth unit waterflood project at an unorthodox location 75 feet from the North line and 2635 feet from the West line of Section 27, Township 24 South, Range 37 East, Lea County, New Mexico. Applicant now proposes to locate said well 75 feet from the North line and 2540 feet from the West line of said Section 27.

- CASE 3781: Application of Sinclair Oil & Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water by injection into the Permo-Pennsylvanian formation in the interval 10,434 feet to 11,537 feet in the Cities Service State "AW" Well No. 4 located in Unit I of Section 35, Township 15 South, Range 36 East, Dean Field, Lea County, New Mexico.
- CASE 3782: Application of Pan American Petroleum Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Seven Rivers and Queen formations underlying its Cortland Myers unit area through three wells located in units F, J, and P of Section 22, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.
- CASE 3783: Application of Pan American Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cortland Myers Unit Area comprising 240 acres, more or less, of Federal lands in Section 22, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.
- CASE 3784: Application of Pan American Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North King Camp Unit Area comprising 14,697 acres, more or less, of State, Federal, and fee lands in Township 13 South, Ranges 29 and 30 East, Chaves County, New Mexico.
- CASE 3785: Application of Pan American Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Poitevent Gas "Com" Well No. 1 at an unorthodox gas well location 990 feet from the North line and 1650 feet from the East line of Section 11, Township 15 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, in exception to the pool rules which require wells in said pool to be located in the NW/4 or SE/4 of the section.

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Docket No. 17-68

June 5, 1968 Examiner Hearing

CASE 3786: Application of Texaco Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the North Paduca-Delaware Pool, Lea County, New Mexico, including a provision for classification of oil and gas wells in said pool, a limiting gas-oil ratio of 3000 to one, and 40-acre spacing for oil wells and 160-acre spacing for gas wells. Locations would be no nearer than 330 feet to a quarter-quarter section line.

CASE 3776: (Continued from the May 22, 1968 Examiner Hearing)

Application of J. M. Huber Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Union-State Unit Area comprising 1360 acres, more or less, of State lands in Township 15 South, Range 32 East, Lea County, New Mexico.

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July 7, 1969

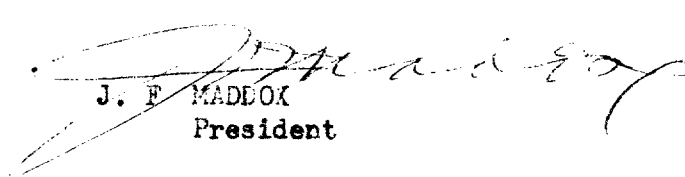
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

Please be advised that the New Mexico Electric Service Company has, together with Texaco, Inc., a gas contract which is applicable to the casinghead gas produced in the North Paducah Delaware Oil Pool.

New Mexico Electric is presently purchasing all of the gas tendered to it and that the gas is being put to beneficial use. Further, that New Mexico Electric will put to a beneficial use all volumes that may be tendered to it from the North Paducah Delaware.

Very truly yours,



J. F. MADROX

President

JFM/fl