

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE OIL COMPANY FOR
AN AMENDMENT TO ORDER NO. R-1670,
AS AMENDED, TO INSTITUTE GAS PRO-
RATIONING IN THE BUFFALO VALLEY-
PENNSYLVANIAN GAS POOL, CHAVES
COUNTY, NEW MEXICO

65 JUN 26 1965

Case 3819

A P P L I C A T I O N

Comes now CITIES SERVICE OIL COMPANY and applies to the Oil Conservation Commission of New Mexico for an order amending Order No. R-1670, as amended, to institute gas prorationing in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, and in support thereof would show the Commission:

1. That by Order No. R-2349, dated November 1, 1962, the Commission created the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, and promulgated special rules and regulations governing said pool.

2. That by said special pool rules, the Commission provided that any well completed or recompleted in said Buffalo Valley-Pennsylvanian Gas Pool shall be located on a standard proration unit consisting of any two contiguous quarter sections of a single governmental section, consisting of 316 through 324 contiguous surface acres.

3. That five wells are presently completed in said pool, an additional well is presently being drilled to said pool, and that it is applicant's information and belief that other wells are projected or, will be projected to said pool in the near future.

4. That a market demand presently exists for gas from subject pool, and that two gas purchasers, Phillips Petroleum Company and Southern Union Gas Company, are presently purchasing gas from wells in the subject pool.

5. That the wells presently completed in the pool are capable of producing in excess of the reasonable market demand for gas from the pool, and are capable of producing in excess of the capacity of the gas transportation facilities available.

6. That in order to prevent waste and protect correlative rights in the pool, the total allowable natural gas production from gas wells producing from the Buffalo Valley-Pennsylvanian Gas Pool should be restricted to reasonable market demand and the capacity of the gas transportation facilities available.

7. That due to lack of reservoir information, it is impracticable to attempt to compute recoverable tract reserves or recoverable pool reserves in the subject pool at the present time.

8. That considering available reservoir information, a 100% acreage formula is the most reasonable basis for allocating the allowable production among the wells delivering to a gas transportation facility in the pool.

9. That the adoption of a 100% surface acreage formula for allocating allowable production in the pool will, insofar as is practicable, afford the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool, and to use his just and equitable

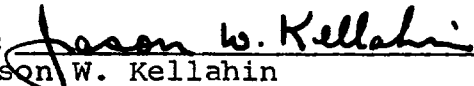
share of the reservoir energy, and such formula will prevent waste.

WHEREFORE, applicant prays that this application be set for hearing before the Commission or before the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order amending Order No. R-1670, as amended, to provide for the prorationing of gas production in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, as applied for.

Respectfully submitted,

CITIES SERVICE OIL COMPANY

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