

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
ON ITS OWN MOTION FOR THE AMENDMENT
OF THE GENERAL RULES AND REGULATIONS
GOVERNING THE PRORATED GAS POOLS OF
NEW MEXICO.

CASE NO. 4691
Order No. R-1670-K

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 19, 1972, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 11th day of May, 1972, 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 General Rules and Regulations governing the prorated gas pools of New Mexico, promulgated by Commission Order No. R-1670, as amended, establishes six-month proration periods for said pools.

(3) That the establishment of one-year proration periods should permit more efficient operation of the wells and thereby permit a much larger percent of the wells to make up overproduction and underproduction during a proration period.

(4) That a minimum allowable of 1000 MCF per month is assigned to each proration unit in all of the prorated gas pools of Northwest New Mexico except for two pools.

(5) That a minimum allowable of 1000 MCF per month per proration unit should be assigned to all prorated gas pools in Northwest New Mexico in order to prevent premature abandonment of wells.

(6) That each of the above-described changes in the rules governing the prorated gas pools of New Mexico will prevent waste and will protect the correlative rights of the operators in the pools.

(7) That the proration periods and balancing dates for Northwest New Mexico and Southeast New Mexico should be concurrent.

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(8) That the General Rules and Regulations governing the prorated gas pools of New Mexico promulgated by Commission Order No. R-1670, as amended, should be amended to permit the above-described changes.

(9) That in order to establish one-year proration periods, the period from February 1, 1972 to December 31, 1972, should be considered as one proration period for the prorated gas pools of Northwest New Mexico and the period from January 1, 1972 to December 31, 1972, should be considered as one proration period for the prorated gas pools of Southeast New Mexico.

(10) That in order to effect one-year proration periods for the prorated gas pools of New Mexico and minimum allowables for Northwest New Mexico, Rules 9(D), 11, 13, and 21(E) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rule 13 for the Prorated Gas Pools of Southeast New Mexico should be amended.

(11) That in order to delete references to inappropriate forms, order numbers, and addresses, Rules 7(A), 8(B) 1, 8(B) 2, 8(C) 2, 8(C) 3, 10(A), 10(B) 2, 10(B) 3, 10(C), 21(A), 21(C), and 21(D) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rules 7(A), 8(B), 9(B), 21(A), 21(C), and 21(D) for the Prorated Gas Pools of Southeast New Mexico should be amended.

IT IS THEREFORE ORDERED:

(1) That Rule 7(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 7(A). Each month each gas purchaser shall file with the Commission his nomination for the amount of gas which he actually in good faith desires to purchase during the ensuing proration month from each gas pool regulated by this order. One copy of such "supplemental" nomination for each pool shall be submitted to the Commission's Santa Fe Office on Form C-121-A by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the succeeding month (see Rule 1121 of the Commission Rules and Regulations). When filing such supplemental nomination, operator shall indicate both his preliminary nomination and his supplemental nomination. The Commission will consider all such preliminary and supplemental nominations at its monthly gas allowable hearings to determine the reasonable market demand for gas during the ensuing month, and will issue a proration schedule setting out the amount of gas which

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each well may produce during such ensuing month, along with such other information as is necessary to show the allowable-production status of each well on the schedule."

(2) That Rule 8(B) 1 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(B) 1. No gas well shall be given an allowable until Form C-104 has been filed, together with a plat (C-102) showing acreage attributed to said well and the locations of all wells on the lease, and"

(3) That Rule 8(B) 2 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(B) 2. Unless a deliverability test taken in conformance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico," has been submitted, except as provided in Rule 10(C) below."

(4) That Rule 8(C) 2 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(C) 2. The latest filing date of Form C-104, and C-102, or"

(5) That Rule 8(C) 3 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(C) 3. A date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico," whichever date is the later."

(6) That Rule 9(D) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 9(D). Annual deliverability tests taken each year shall be used in calculating allowables for wells in the gas pools regulated by this order for the twelve-month period beginning January 1 of the following year."

(7) That Rule 10(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(A). If, during a proration month, the acreage assigned to a well is increased, the operator shall notify the Commission in writing (1000 Rio Brazos Road, Aztec, New Mexico) of such increase by filing a revised plat (Form C-102). The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Commission."

(8) That Rule 10(B) 2 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(B) 2. A date 45 days prior to the date upon which a well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico," or"

(9) That Rule 10(B) 3 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(B) 3. A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (1000 Rio Brazos Road, Aztec, New Mexico); (Form C-104 shall specify the exact nature of the workover or remedial work. If the nature of the work cannot be explained on Form C-104, Form C-103 shall also be filed in accordance with Rule 1104 of the Commission's Statewide Rules and Regulations); whichever is later."

(10) That Rule 10(C) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 10(C). The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico."

"The Secretary-Director of the Commission shall have authority to allow exceptions to the annual deliverability test requirement for marginal wells where the deliverability of a well is of such volume

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as to have no significance in the determination of the well's allowable. Application for such exception may be submitted in writing by the operator of the well and, if granted, may be revoked by the Secretary-Director of the Commission at any time by requesting the well to be scheduled and tested in accordance with the current "Gas Well Testing Rules and Procedures - San Juan Basin, New Mexico."

(11) That Rule 11 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 11. A minimum allowable of 1000 MCF per month per proration unit will be assigned in order to prevent the premature abandonment of wells."

(12) That Rule 13 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 13. The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period."

(13) That Rule 21(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(A). The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 in accordance with Rule 1115 of the Commission's Rules and Regulations, so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas reported was produced. The operator shall show on such report what disposition has been made of the gas produced."

(14) That Rule 21(C) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(C). Such report shall be filed on Form C-111 with the wells being listed in approximately the same order as they are listed on the proration schedule."

(15) That Rule 21(D) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(D). Form C-111 referred to herein shall be submitted in triplicate, the original being sent to the Commission's Santa Fe office, the remaining copies being sent to the Commission's Aztec and Hobbs offices."

(16) That Section 3 of Rule 21(E) is hereby deleted from the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico in its entirety and Section 4 is hereby re-numbered "3".

(17) That Rule 7(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 7(A). Each month each gas purchaser shall file with the Commission his nomination for the amount of gas which he actually in good faith desires to purchase during the ensuing proration month from each gas pool regulated by this order. One copy of such "supplemental" nomination for each pool shall be submitted to the Commission's Santa Fe Office on Form C-121-A by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the succeeding month (see Rule 1121 of the Commission Rules and Regulations). When filing such supplemental nomination, operator shall indicate both his preliminary nomination and his supplemental nomination. The Commission will consider all such preliminary and supplemental nominations at its monthly gas allowable hearings to determine the reasonable market demand for gas during the ensuing month, and will issue a proration schedule setting out the amount of gas which each well may produce during such ensuing month, along with such other information as is necessary to show the allowable-production status of each well on the schedule."

(18) That Rule 8(B) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 8(B). Allowables to newly completed gas wells shall commence in accordance with the provisions of the Special Pool Rules. No gas well shall be given an allowable until Form C-104 has been filed, together with a plat (Form C-102) showing acreage attributed to said well and the location of all wells on the lease."

(19) That Rule 9(B) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 9(B). If, during a proration month, the acreage assigned to a well is increased, the operator shall notify the Commission in writing (Box 1980, Hobbs, New Mexico) of such increase by filing a revised plat (Form C-102). The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Commission.

(20) That Rule 13 of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 13. The date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period."

(21) That Rule 21(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(A). The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 in accordance with Rule 1115 of the Commission Rules and Regulations, 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 gas produced."

(22) That Rule 21(C) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(C). Such report shall be filed on Form C-111 with the wells being listed in approximately the same order as they are listed on the proration schedule."

(23) That Rule 21(D) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

"RULE 21(D). Form C-111 referred to herein shall be submitted in duplicate, the original being sent

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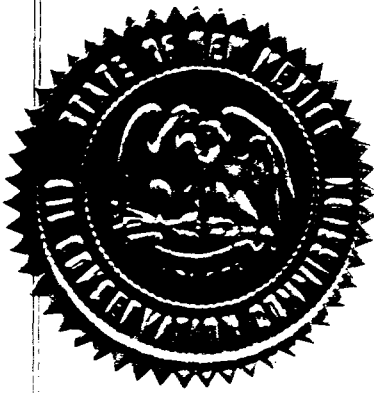
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to the Commission's Santa Fe office, the other copy being sent to the Commission's Hobbs office."

(24) That the period from February 1, 1972 to December 31, 1972, shall be considered as one proration period for the prorated gas pools of Northwest New Mexico; and that the period from January 1, 1972 to December 31, 1972, shall be considered as one proration period for the prorated gas pools of Southeast New Mexico.

(25) 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

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

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

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