

Entered May 6, 1965
C.L.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 3237
Order No. R-1670-F

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
OF NEW MEXICO ON MOTION OF THE OIL
CONSERVATION COMMISSION TO CONSIDER
INSTITUTING GAS PRORATIONING IN THE
INDIAN BASIN-UPPER PENNSYLVANIAN AND
INDIAN BASIN-MORROW GAS POOLS, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 14, 1965, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 6th day of May, 1965, 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 by Order No. R-2440, dated February 28, 1963, the Commission created the Indian Basin-Upper Pennsylvanian Gas Pool and promulgated Special Rules and Regulations governing said pool.

(3) That by Order No. R-2441, dated February 28, 1963, the Commission created the Indian Basin-Morrow Gas Pool and promulgated Special Rules and Regulations governing said pool.

(4) That 18 wells are presently completed as producing wells in the Indian Basin-Upper Pennsylvanian Gas Pool and that 8 wells are presently completed as producing wells in the Indian Basin-Morrow Gas Pool.

(5) That no gas has been transported from the subject pools due to the lack of gas transportation facilities.

(6) That a market demand presently exists for gas from the subject pools and that two gas purchasers plan the construction of gas transportation facilities and the marketing of gas from the subject pools in the near future.

(7) That the wells presently completed in the subject pools are capable of producing in excess of the reasonable market demand for gas from the pools and are capable of producing in excess of the capacity of the gas transportation facilities to be constructed.

(8) That the total allowable natural gas production from gas wells producing from the subject pools should be restricted to reasonable market demand and the capacity of gas transportation facilities in order to prevent waste.

(9) That due to the lack of reservoir information, it is presently impracticable to attempt to compute recoverable tract reserves or recoverable pool reserves in the subject pools.

(10) That considering the available reservoir information, a 100% surface acreage formula is presently the most reasonable basis for allocating the allowable production among the wells delivering to a gas transportation facility in the subject pools.

(11) That the adoption of a 100% surface acreage formula for allocating the allowable production in the subject pools will, insofar as is presently practicable, prevent drainage between producing tracts which is not equalized by counter-drainage.

(12) That the adoption of a 100% surface acreage formula for allocating the allowable production in the subject pools will, insofar as is presently practicable, afford to the owner of each property in the subject pools the opportunity to produce his just and equitable share of the gas in the pools and to use his just and equitable share of the reservoir energy.

(13) That although no action by the Commission is presently necessary to protect the correlative rights of owners of gas wells that are completed in the subject pools and not connected to a gas transportation facility, appropriate action may be necessary in the future.

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IT IS THEREFORE ORDERED:

(1) That the Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, and the Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, shall be prorated, effective July 1, 1965, the beginning of the next six-month proration period for prorated gas pools in Southeast New Mexico.

(2) That the allowable production in each of the subject pools shall be allocated as follows:

The pool allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal wells in the pool.

(3) That each of the subject pools shall be governed by the General Rules and Regulations for the Prorated Gas Pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, insofar as said General Rules and Regulations are not inconsistent with this order or Orders Nos. R-2440 and R-2441.

(4) 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, Chairman



GUYTON B. HAYS, Member



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

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