

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APPLICATION OF DOYLE HARTMAN FOR AMENDMENT OF DIVISION ORDER
NO. R-8170, AS AMENDED, TO ESTABLISH MINIMUM GAS ALLOWABLES IN THE
JALMAT GAS POOL, LEA COUNTY, NEW MEXICO.

Case No. 10111 (Reopened)
Order No. R-8170-J-1

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 17, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 15th day of March, 1994, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Division Order No. R-8170-J, dated January 8, 1991, issued in Case No. 10111 and made effective January 1, 1991, the following provisions affecting the Jalmat Gas Pool, encompassing portions of Townships 21, 22, 23, 24, 25, and 26 South, Ranges 35, 36, and 37 East, NMPM, Lea County, New Mexico were instituted:

- (a) a special "Rule 8" was established for the pool which assigned a minimum gas allowable of 600 MCF of gas per day for an Acreage Factor of 1.0; and
- (b) said Rule 8 was made effective for a period of three years.

(3) Case 10111 is being reopened at this time pursuant to said Order No. R-8170-J so that the original applicant and operators in the Jalmat Gas Pool can provide additional evidence and testimony supporting continuation of this minimum gas allowable.

(4) At the time of the hearing this case was consolidated with Reopened Case 10036, which seeks to resolve a similar issue in the Eumont Gas Pool, Lea County, New Mexico, for purposes of testimony.

(5) Appearances in this reopened case were made on behalf of Doyle Hartman - Oil Operator, Texaco, Inc., ARCO Oil and Gas Company, Conoco, Inc., and Chevron USA, Inc. The presentation of evidence and testimony however was tendered by the original applicant in this matter, Doyle Hartman - Oil Operator ("Hartman").

(6) Evidence presented by Hartman indicates that since January 1, 1991 the Jalmat Gas Pool:

- (a) has shown an increase in gas production;
- (b) activity within said pool has notably increased with 15 new drills, 38 re-completions, and 53 workovers;
- (c) there continues to be a market for all the gas from the pool;
- (d) there appears to be support from operators within the pool for continuation of the assigned minimum allowable;
- (e) no objections were received;
- (f) there is no indication that correlative rights have been violated during this period nor is there any indication that correlative rights will be violated with continuation of this rule; and,
- (g) no extenuating circumstances have occurred within the pool to support the suspension of an assigned minimum gas allowable.

(7) The provisions of said Order No. R-8170-J, which included "RULE 8. MINIMUM ALLOWABLES:" to the "Special Rules and Regulations for the Jalmat Gas Pool", should be made permanent by issuance of this order.

(8) However, should it become evident that correlative rights are being violated or waste is occurring by any actions allowed under this order, the Division Director should retain the authority to adjust downward or eliminate said minimum gas allowable within the Jalmat Gas Pool. Should such action by the Division be necessary, an order after notice and hearing should be required.

IT IS THEREFORE ORDERED THAT:

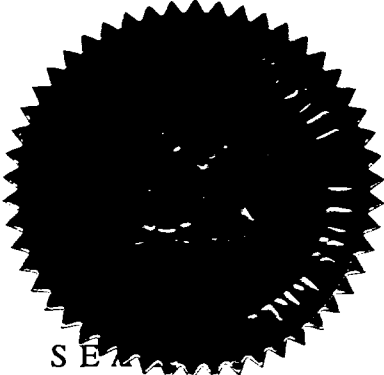
(1) The provisions of Division Order No. R-8170-J, dated January 8, 1991, issued in Case No. 10111 and made effective January 1, 1991, which incorporated the following rule to the "Special Rules and Regulations for the Jalmat Gas Pool", in Lea County, New Mexico, shall hereinafter be made permanent:

"RULE 8. MINIMUM ALLOWABLES: Notwithstanding the provisions of Rule Nos. 3 and 5 of the General Rules and Regulations for the Prorated Gas Pools of New Mexico, the Division shall assign a minimum gas allowable of 600 MCF of gas per day per Acreage Factor of 1.0"

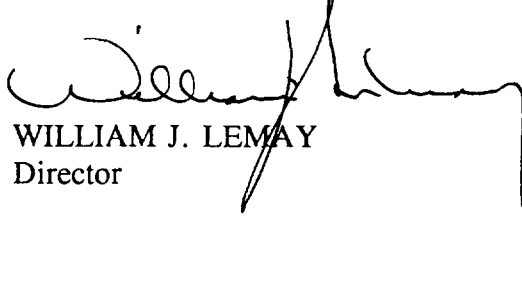
PROVIDED HOWEVER, should it become evident that correlative rights are being violated or waste is occurring by any actions allowed under this order, the Division Director shall retain the authority to adjust downward or eliminate said minimum gas allowable within the Jalmat Gas Pool. Should such action by the Division be necessary, an order after notice and hearing shall be required.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director