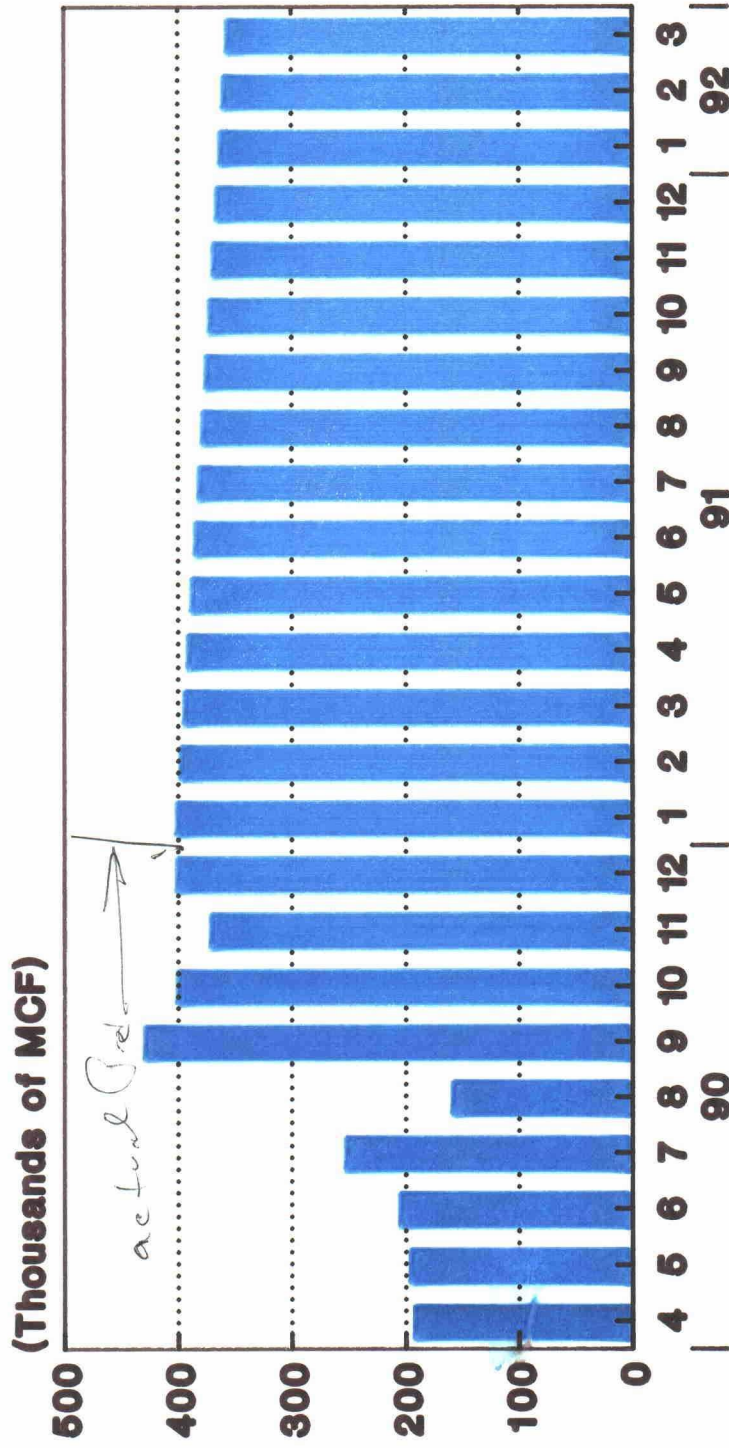


CONOCO OPERATED

Eumont Production

2/28/91 ✓



BEFORE THE
OIL CONSERVATION COMMISSION
San Joaquin, New Mexico

Case No. 10254 Exhibit No. 1
Submitted by CONOCO
Hearing Date 2/28/91

Conoco operates 9 non-marginal proration units.

As these wells were connected to the low pressure gathering system, production rose steadily throughout the last half of 1990.

Current production averages exceed the average allowable by approximately 50,000 MCF per month.

These 9 ^{PRORATION UNITS} wells have a cumulative acreage factor of 11.75. Effective 4/1/91, each acreage factor will receive a minimum allowable of 600 MCFPD. This equates to a monthly allowable of 211,500 MCF.

The same 9 ^{PRORATION UNITS} wells produce 8,000 MCFPD for a total of 240,000 MCF per month.

Therefore, the monthly overage is 28,500 MCF or approximately 2,500 MCF per acreage factor.

In summary, we feel the 600 MCFPD allowable is a fair and reasonable limit. Our actions show that we can clearly produce at this level.

We are not planning to withhold any Permian Basin gas from the market due to unacceptable netbacks.

Eumont non-marginal wells were shut-in during the summer of 1990 to build-up allowables.

A new low pressure gathering system was installed from July through September of 1990.

The lower gathering system pressure has increased production from both marginal and non-marginal wells.

We do not currently foresee shutting-in gas in 1991 due to unacceptable wellhead netbacks. Although residue prices are depressed and are likely to remain weak, liquid prices are strong and help to offset the poor residue price.

NON-MARGINAL EUMONT WELLS

Allowable vs. Production

