

Entered June 28, 1973
A.H.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 4989
Order No. R-4569

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
OF NEW MEXICO UPON ITS OWN MOTION
FOR THE PURPOSE OF CONSIDERING THE
AMENDMENT OF RULE 15 OF THE GENERAL
RULES GOVERNING PRORATED GAS POOLS IN
NORTHWEST NEW MEXICO AND SOUTHEAST NEW
MEXICO AS PROMULGATED BY COMMISSION
ORDER NO. R-1670, AS AMENDED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 20, 1973, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of June, 1973, 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 Commission, by Order No. R-1670, as amended, has heretofore promulgated rules and regulations governing the prorated gas pools of Northwest New Mexico and Southeast New Mexico.
- (3) That Rules 15(A) through 15(E) of the Northwest New Mexico Prorated Gas Pool Rules as promulgated by said order and Rules 15(A) through 15(D) of the Southeast New Mexico Prorated Gas Pool Rules prescribe certain procedures for the making up of overproduction of the allowable by gas wells.
- (4) That in order to clarify the aforesaid procedure and in order to ease the administrative burden to both the Commission and the owners of gas wells, the overproduction make-up rules described in Finding No. 3 should be amended to provide that a well should be shut in to make up overproduction if it is overproduced in an amount exceeding six times its average monthly allowable for the preceding twelve months (or, in the case of a newly connected well or a well in a newly operated pool, six times its average monthly allowable for the months available).

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(5) That in order to ensure a supply of gas during temporary periods of emergency high-demand, provision should be made for the Secretary-Director of the Commission to have authority to grant a pool-wide moratorium of up to three months on the shutting in of gas wells in a pool during any such bonafide emergency.

IT IS THEREFORE ORDERED:

(1) That Rules 15(A) through 15(E) of the Rules and Regulations governing Prorated Gas Pools In Northwest New Mexico as promulgated by Commission Order No. R-1670, as amended, and Rules 15(A) through 15(D) of the Rules and Regulations governing Prorated Gas Pools in Southeast New Mexico as promulgated by said Order No. R-1670, as amended, are hereby superseded in their entirety by the following:

"RULE 15 (A) Overproduction: Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period. Said overproduction shall be made up during the succeeding gas proration period. Any well which has not made up the overproduction carried into a gas proration period by the end of said period shall be shut in until such overproduction is made up.

"RULE 15 (B) If, during any month, it is discovered that a well is overproduced in an amount exceeding six times its average monthly allowable for the preceding twelve months (or, in the case of a newly connected well or a well in a newly prorated pool, six times its average monthly allowable for the months available), it shall be shut in during that month and during each succeeding month until it is overproduced in an amount six times or less its average monthly allowable, as determined hereinabove.

"RULE 15 (C) Allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction chargeable to such well in determining the amount of overproduction which must be made up pursuant to the provisions of Rules 15 (A) or 15 (B) above.

"RULE 15 (D) The Secretary-Director of the Commission shall have authority to permit a well which is subject to shut-in, pursuant to Rules 15 (A) or 15 (B) above, to produce up to 500 MCF of gas per month upon proper showing to the Secretary-Director that complete shut-in would cause undue hardship, provided however, such permission shall be rescinded for any well produced in excess of the monthly rate authorized by the Secretary-Director.

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"RULE 15 (E) The Commission may allow overproduction to be made up at a lesser rate than permitted under Rules 15 (A), 15 (B) or 15 (D) above upon a showing at public hearing that the same is necessary to avoid material damage to the well.

"RULE 15 (F) Any allowable accruing to a well at the end of a gas proration period due to the cancellation of underage in the pool and the redistribution thereof shall be applied against the well's overproduction.

"RULE 15 (G) The Secretary-Director of the Commission shall have authority to grant a pool-wide moratorium of up to three months on the shutting in of gas wells in a pool during periods of high-demand emergency upon proper showing that such emergency exists, and that a significant number of the wells in the pool are subject to shut-in pursuant to the provisions of Rules 15 (A) or 15 (B) above. No moratorium beyond the aforementioned three months shall be granted except after notice and hearing."

(2) That the effective date of this order shall be 7:00 a.m. July 1, 1973.

(3) That jurisdiction of this cause is hereby 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


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


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

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