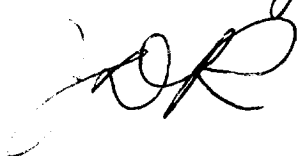


Entered February 11, 1977



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION OF  
NEW MEXICO ON ITS OWN MOTION TO CONSIDER  
THE SUSPENSION OF RULES 15(A) AND 15(B) OF  
THE GENERAL RULES FOR THE PRORATED GAS POOLS  
OF NORTHWEST AND SOUTHEAST NEW MEXICO.

CASE NO. 5872  
Order No. R-5373

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 11, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 11th day of February, 1977, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 on the 27th day of January, 1977, the Commission entered its Emergency Order No. E-30 which order suspended Rule 15(A) and Rule 15(B) of the General Rules for the Prorated Gas Pools of Northwest New Mexico and Southeast New Mexico, as promulgated by Commission Order No. R-1670, as amended.

(3) That said order was entered on the basis of eight Findings which read in their entirety as follows:

"(1) That a large part of the United States is experiencing severe winter weather conditions, and the National Weather Service foresees no immediate relief therefrom.

(2) That said severe winter weather conditions have caused an unprecedented demand for natural gas for residential and commercial heating, as well as for industrial use.

(3) That the pipe lines carrying natural gas from New Mexico and other southwestern states are experiencing great difficulty in obtaining a sufficient supply of natural gas to meet the aforesaid unprecedented demand for natural gas.

(4) That extensive curtailment of deliveries of natural gas, particularly to industrial and non-essential commercial users, has resulted, and there is still need for additional supplies of natural gas, particularly for residential and essential commercial heating.

(5) That the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by Commission Order No. R-1670, as amended, provide that any gas well which is overproduced an amount exceeding six times its average monthly allowable for the preceding twelve months shall be shut in and remain shut in until it is overproduced in an amount six times or less its average monthly allowable; further that any gas well which has an overproduced status at the end of a proration period shall make up such overproduction during the next succeeding period, or it shall be shut in until such overproduction has been made up.

(6) That at the present time, there are very few gas wells in New Mexico which are shut in because of the aforesaid provisions of Order No. R-1670, as amended.

(7) That should the severe winter weather conditions and the accompanying unprecedented high demand for natural gas continue, increased withdrawals from gas wells in New Mexico may cause more of said wells to become subject to the aforesaid shut-in provisions.

(8) That in order to permit those wells which are presently shut in to produce during the current period of high demand, and in order to permit other wells to produce in excess of their allowables without danger of being shut in for becoming overproduced more than six times their average allowable, Rules 15(A) and 15(B) of the General Rules for the Prorated Gas Pools of Northwest New Mexico and Southeast New Mexico, as promulgated by Order No. R-1670, as amended, should be suspended."

(4) That said emergency order became effective at 12:01 a.m. Mountain Standard Time, January 28, 1977, and expires at 12:01 a.m. Mountain Standard Time, February 12, 1977.

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(5) That the evidence presented at this hearing supports each of the eight findings in Emergency Order No. E-30.

(6) That each of the eight findings in said emergency order should be incorporated in this order.

(7) That the suspension of Rules 15(A) and 15(B) of the General Rules for the Prorated Gas Pools of Northwest and Southeast New Mexico should be continued until further order of the Commission.

(8) That the evidence presented at this hearing was not sufficient to quantify the effect of the Commission's actions in suspending said Rules 15(A) and 15(B).

(9) That the evidence presented was not sufficient to demonstrate whether or not correlative rights might be violated by said suspension of Rules 15(A) and 15(B).

(10) That the evidence presented was not sufficient to weigh the effect of the suspension of said rules against other factors which may restrict any pipeline's ability to connect new wells or otherwise deliver gas to the area of the emergency.

(11) That the evidence presented was not sufficient to determine the number of wells which might be shut in due to overproduction following the end of suspension of said Rules 15(A) and 15(B) nor the extent and effect of such shut-in.

(12) That a hearing should be held during April, 1977, to consider both the continued suspension of said Rule 15(A) and 15(B) and those unresolved questions set out in Findings Nos. (8) through (11) above.

IT IS THEREFORE ORDERED:

(1) That effective at 12:01 a.m. Mountain Standard Time, February 12, 1977, Rules 15(A) and Rule 15(B) of the General Rules for the Prorated Gas Pools of Northwest New Mexico and Southeast New Mexico, as promulgated by Commission Order No. R-1670, as amended, are hereby suspended pending further order of the Commission.

(2) That a hearing shall be scheduled before the Commission or one of its examiners during the month of April, 1977, to consider the issues set out in Findings Nos. (8) through (12) of this order and other related matters as the Commission may deem appropriate.

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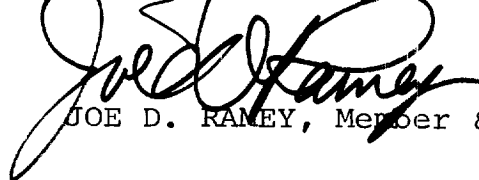
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

S E A L

fd/dr